

Annual Revision of the U.S. National Income and Product Accounts

- Annually, 1990–92
- Quarterly, 1990:I–1993:II

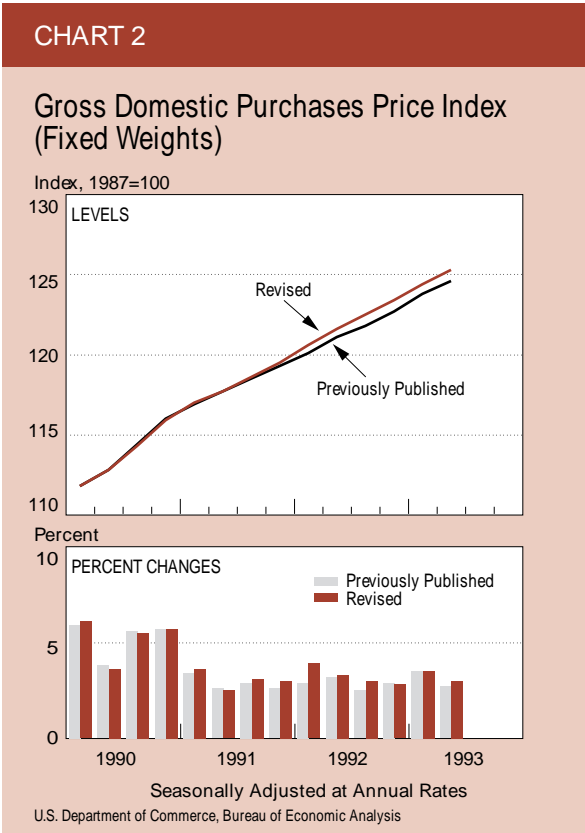
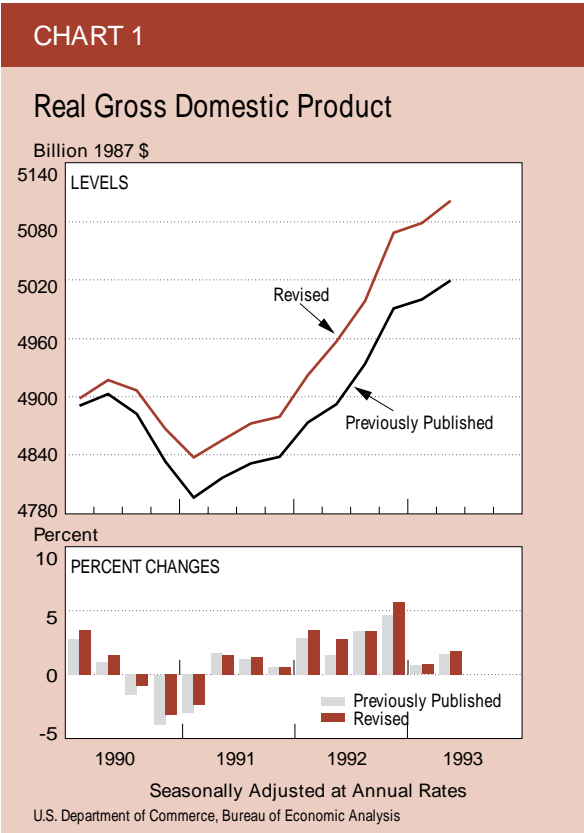
IN THIS issue of the SURVEY OF CURRENT BUSINESS, the Bureau of Economic Analysis (BEA) presents revised estimates of the national income and product accounts (NIPA's) for 1990–92 and the first two quarters of 1993. As is usual in annual NIPA revisions, source data that are more complete, more detailed, and otherwise more appropriate than previously available information have been incorporated into the estimates, and seasonal factors have been updated. In addition, several methodological changes have been made.

The first section of this article discusses the impact of the revisions on several measures of economic activity, the second section provides a summary of the revisions and the major source data underlying them, and the third section

describes the changes in methodology and summarizes the source data and methods used to prepare the NIPA estimates. Appendix A to this article shows, in current dollars, the revised annual estimates and the revisions for the five summary accounts of the NIPA's. A set of most of the NIPA tables follows this article; the missing tables are scheduled to appear in the September 1993 SURVEY (see [page 52](#)). An index to the complete set of NIPA tables begins on [page 122](#).

Impact of the Revisions

The revised estimates show that the U.S. economy was stronger than indicated by the previously published estimates. From the fourth quarter of 1989 to the second quarter of 1993, the



growth rate (average annual rate of change) for real gross domestic product (GDP) was revised up 0.5 percentage point to 1.4 percent (table 1). The stronger growth was mainly due to upward revisions to personal consumption expenditures (PCE) for goods, to nonresidential producers' durable equipment (PDE), and to State and local government purchases.

Growth in real GDP is stronger for each of the 3 full years that were revised. The increase for 1990 was revised from 0.8 percent to 1.2 percent, the decrease for 1991 was revised from 1.2 percent to 0.8 percent, and the increase for 1992 was revised from 2.1 percent to 2.6 percent. On a fourth-quarter-to-fourth-quarter basis, the 0.5-percent decrease during 1990 was revised to a 0.2-percent increase; the increase during 1991 was revised from 0.1 percent to 0.3 percent; and the increase during 1992 was revised from 3.1 percent to 3.9 percent.

The revised estimates show slightly more inflation than previously indicated. From the fourth quarter of 1989 to the second quarter of 1993, the average annual rates of increase in the price indexes (fixed weights) for both GDP and gross domestic purchases were revised up slightly: 0.1

percentage point to 3.8 percent for the GDP price index and 0.2 percentage point to 3.8 percent for the gross domestic purchases price index (table 2). Among major components, none of the revisions to the average annual rates of change exceeded 0.4 percentage point.

Business cycle.—As in the previously published estimates, real GDP reaches a cyclical peak in the second quarter of 1990 and a cyclical trough in the first quarter of 1991. However, in the revised estimates, the contraction is less severe than in the previously published estimates. The total decrease in real GDP from the second quarter of 1990 to the first quarter of 1991 is now 1.6 percent (not at an annual rate); in the previously published estimates, the decrease was 2.2 percent. An upward revision to gross private domestic investment contributed most to the lessened severity of the contraction.

In the revised estimates, the current expansion is stronger than in the previously published estimates. The increase in real GDP from the first quarter of 1991 to the second quarter of 1993 is now 2.4 percent (average annual rate); in the previously published estimates, the increase was 2.0

Table 1.—Revisions to Real GDP and Its Major Components Over the Period 1989:IV-1993:II

[Billions of 1987 dollars, seasonally adjusted at annual rates]

	1989:IV	Previously published			Revised			Revision in change	
		1993:II	Change from 1989:IV to 1993:II		1993:II	Change from 1989:IV to 1993:II		Dollar	Percent
			Dollar	Percent (annual rate)		Dollar	Percent (annual rate)		
Gross domestic product	4856.7	5019.5	162.8	0.9	5101.0	244.3	1.4	81.5	0.5
Personal consumption expenditures	3242.0	3398.1	156.1	1.4	3430.8	188.8	1.6	32.7	.2
Durable goods	436.8	468.8	32.0	2.0	484.2	47.4	3.0	15.4	1.0
Nondurable goods	1058.9	1068.6	9.7	.3	1082.8	23.9	.6	14.2	.3
Services	1746.3	1860.7	114.4	1.8	1863.8	117.6	1.9	3.1	.1
Gross private domestic investment	769.5	771.1	1.6	.1	802.2	32.7	1.2	31.1	1.1
Fixed investment	744.6	763.0	18.3	.7	788.4	43.7	1.6	25.4	.9
Nonresidential	536.7	564.9	28.3	1.5	581.5	44.9	2.3	16.6	.8
Structures	179.8	145.7	-34.1	-5.8	150.5	-29.3	-5.0	4.8	.8
Producers' durable equipment	356.9	419.2	62.4	4.7	431.0	74.2	5.5	11.8	.8
Residential	208.0	198.0	-9.9	-1.4	206.8	-1.1	-2	8.8	1.2
Change in business inventories	24.9	8.2	-16.8	.....	13.9	-11.0	.....	5.7	.....
Nonfarm	31.2	9.0	-22.2	.....	17.5	-13.7	.....	8.5	.....
Farm	-6.3	-8	5.5	.....	-3.6	2.6	.....	-2.8	.....
Net exports of goods and services	-67.4	-69.9	-2.5	.....	-73.1	-5.7	.....	-3.3	.....
Exports	487.7	593.8	106.1	5.8	595.0	107.4	5.8	1.3	0
Merchandise	354.8	435.9	81.2	6.1	434.7	80.0	6.0	-1.2	-.1
Services	132.9	157.8	24.9	5.0	160.3	27.4	5.5	2.5	.5
Imports	555.0	663.6	108.6	5.2	668.1	113.1	5.4	4.5	.2
Merchandise	458.5	561.7	103.1	6.0	566.5	108.0	6.2	4.9	.2
Services	96.5	102.0	5.4	1.6	101.6	5.1	1.5	-.4	-.1
Government purchases	912.6	920.1	7.5	.2	941.1	28.5	.9	20.9	.7
Federal	376.1	354.3	-21.8	-1.7	360.3	-15.8	-1.2	6.0	.5
National defense	281.5	245.0	-36.4	-3.9	247.2	-34.3	-3.6	2.1	.3
Nondefense	94.7	109.3	14.6	4.2	113.1	18.5	5.2	3.9	1.0
State and local	536.5	565.8	29.3	1.5	580.8	44.3	2.3	15.0	.8
Addenda:									
Gross domestic purchases	4924.1	5089.3	165.3	.9	5174.1	250.0	1.4	84.8	.5
Final sales of domestic product	4831.8	5011.3	179.6	1.0	5087.1	255.3	1.5	75.8	.5
Gross national product	4875.1	.....	.....	.....	5101.3	226.2	1.3	.....	.....

percent. As a consequence of the stronger growth in the revised estimates, the preceding peak in real GDP (that is, the level of GDP in the second quarter of 1990) is surpassed in the second quarter of 1992, one quarter earlier than in the previously published estimates.

Gross saving and investment.—Gross saving as a percentage of gross national product (GNP) is somewhat higher on the revised basis, but a downtrend is still apparent: It was unrevised at 13.0 percent for 1990 and was revised up 0.4 percentage point to 12.8 percent for 1991 and 0.4 percentage point to 11.9 percent for 1992.

The level of gross saving is revised up substantially for 1991 and 1992, reducing the previously published decline of 6.9 percent from 1989 to 1992 to a decline of 3.2 percent. For 1991, the revision was more than accounted for by corporate net cash flow—undistributed corporate profits with inventory valuation adjustment (IVA) and with capital consumption adjustment (CCAdj) and corporate consumption of fixed capital—which was revised up substantially mainly because of revisions to undistributed profits. For 1992, the upward revision to gross saving was mainly accounted for by an upward revision to per-

sonal saving and a downward revision to the government deficit.

Personal saving was revised up substantially for 1992; as a result, the personal saving rate (personal saving as a percentage of disposable personal income) was revised up 0.5 percentage point to 5.3 percent. The revision to personal saving stemmed mainly from a substantial upward revision to wage and salary disbursements, which in part reflected a large upward revision to the previous estimate of accelerated bonus payments (that is, the payment in the fourth quarter of 1992 of yearend bonuses that typically would have been paid in the first quarter of 1993). Because this revision affected wage and salary disbursements and not wage and salary accruals, the “wage accruals less disbursements” component of gross saving was revised down by the same amount. (See the section “[Changes in methodology](#).”)

The government deficit (NIPA basis) for 1992 is somewhat smaller than previously estimated. The downward revision was more than accounted for by the Federal Government deficit, which, at \$276.3 billion, is \$21.7 billion smaller, mostly reflecting higher receipts. The State and local

Table 2.—Revisions to the GDP Price Index (Fixed Weights) and to the Gross Domestic Purchases Price Index (Fixed Weights) Over the Period 1989:IV-1993:II

[Index numbers (1987=100), seasonally adjusted]

	1989:IV	Previously published		Revised		Revision in percent change, percentage point
		1993:II	Percent change from 1989:IV to 1993:II (annual rate)	1993:II	Percent change from 1989:IV to 1993:II (annual rate)	
Gross domestic product	110.1	125.0	3.7	125.6	3.8	0.1
Less: Exports of goods and services	108.1	115.4	1.9	115.4	1.9	0
Plus: Imports of goods and services	108.7	115.0	1.6	115.6	1.8	.2
Equals: Gross domestic purchases	110.1	124.6	3.6	125.3	3.8	.2
Personal consumption expenditures	111.2	127.6	4.0	128.4	4.2	.2
Durable goods	105.2	113.7	2.2	113.5	2.2	0
Nondurable goods	111.0	125.3	3.5	125.0	3.5	0
Services	112.8	132.5	4.7	134.2	5.1	.4
Gross private domestic investment .....	.....	.....	.....	.....	.....	.....
Fixed investment	107.3	114.2	1.8	114.5	1.9	.1
Nonresidential	106.6	112.8	1.6	113.2	1.7	.1
Structures	110.2	118.1	2.0	117.5	1.8	-.2
Producers' durable equipment	104.7	110.1	1.4	110.9	1.7	.3
Residential	108.8	117.2	2.1	117.4	2.2	.1
Change in business inventories .....	.....	.....	.....	.....	.....	.....
Government purchases	109.2	123.2	3.5	124.0	3.7	.2
Federal	108.3	125.8	4.4	125.8	4.4	0
National defense	108.4	126.5	4.5	126.7	4.6	.1
Nondefense	108.0	123.7	4.0	122.9	3.8	-.2
State and local	109.8	121.1	2.8	122.7	3.2	.4
Addenda:						
Final sales of domestic product	110.2	125.0	3.7	125.7	3.8	.1
Gross national product	110.1	.....	.....	125.6	3.8	.....

Data Availability

The revised estimates, along with the estimates for 1989 and earlier years (back to 1929), are available on diskette and magnetic tape. For order information, write to the National Income and Wealth Division (BE-54), Bureau of Economic Analysis, Washington, DC 20230, or call (202) 606-9700.

government surplus, at \$7.2 billion, is \$8.3 billion smaller, mostly reflecting higher expenditures.

Gross investment—which is measured as the sum of gross private domestic investment, net foreign investment, and the statistical discrepancy—is somewhat higher on the revised basis. Within gross investment, gross private domestic investment was revised up for all 3 years, and net foreign investment was revised down for all 3 years.

Summary of the Revisions

The incorporation of newly available source data and of changes in methodology leads to revisions to current-dollar estimates and to the prices and quantities used to prepare constant-dollar estimates. In turn, these revisions lead to revisions to

constant-dollar estimates. This section describes the revisions to the annual current-dollar, price, and constant-dollar estimates and then briefly describes the revisions to the quarterly estimates.

Annual current-dollar estimates

Table 3 summarizes the current-dollar revisions to major NIPA components. It provides a guide to the revisions by identifying the subcomponent series for which revisions were \$2.0 billion or more and by listing the major source data that underlie the revised estimates. (For a list of the principal source data and estimating methods used in preparing the current-dollar estimates, see **table 7.**) It should be noted that newly available source data lead to a revision in the level of an estimate not only for the year into which they are directly incorporated, but usually in the levels for subsequent years as well. The discussion in this section follows the sequence of entries in **table 3.**

GDP.—The level of current-dollar GDP was revised up for all 3 years: \$23.9 billion, or 0.4 percent, for 1990; \$45.4 billion, or 0.8 percent, for 1991; and \$87.8 billion, or 1.5 percent, for 1992. These

Text continues on page 18.

Acknowledgments

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Eugene P. Seskin coordinated the preparation of the article describing the revisions. Brooks B. Robinson, John C. Musgrave, Claire G. Pitzer, Heather L. Quick, George M. Smith, and Teresa L. Weadock prepared the tables for the article.

Other staff who made significant contributions to the revision are listed below.

Personal consumption expenditures—**Clinton P. McCully**, M. Greg Key, Everette P. Johnson, William T. Bannister, Myung G. Han, Craig D. Yokum, Moses J. Branch.

Investment—**David W. Cartwright**, David B. Wasshausen, Gail P. Jones. **Structures**—Brooks B. Robinson. **Producers' durable equipment**—Jeffrey W. Crawford. **Inventories**—Gregory Y. Won, Michael D. Glenn, Jean M. Stiller.

Net exports—**Christian Ehemann**, Corinne E. Krincek, Phyllistine M. Barnes.

Federal Government receipts and expenditures—**David T. Dobbs**, Gary W. Davis, Ann M. Groszkiewicz, Alex Nemirovsky, Joyce M. Northwood, Benyam Tsehaye, Michael W. Webb.

Federal Government purchases—**Karl D. Galbraith**, Pamela A. Kelly, Peter G. Beall, Laura M. Bilenki, James E. Boucher, Florence H. Campi, Doris N. Johnson, Raymen G. Labella, Tamara M. Mast, Michael D. McConathy, Matthew P. McNeil, Claire G. Pitzer.

State and local government transactions—**David F. Sullivan**, Steven J. Andrews, Jennifer A. Medairy, Donald L. Peters.

Measures of price change—**Christian Ehemann**, Mary W. Hook. **Income**—**Eugene P. Seskin**.

Personal income—**Arthur L. Sensenig**. **Wages and salaries**—Arthur L. Sensenig, Pauline M. Cypert, Toui C. Pomsouvan, Tracy D. Marsh. **Other labor income**—Helen K. Rose. Other contributors to the personal income estimates include Thae S. Park and James E. Rankin.

Business income—**Kenneth A. Petrick**. **Corporate profits**—Kenneth A. Petrick, Craig A. Hargenrader, Michael T. McNamara, Jerry L. Stone. **Nonfarm proprietors' income**—Willie J. Abney.

Farm output and income—**George M. Smith**, Clark D. Allen.

Interest income—**Teresa L. Weadock**.

Rental income of persons—**George M. Smith**, Denise A. McBride.

Consumption of fixed capital—**John C. Musgrave**, Heather L. Quick.

Computer services—**Norman E. Bakka**, Mary Carol Barron, Phyllistine M. Barnes.

NIPA Index—**Jeanette M. Honsa**.

NIPA information—**Virginia H. Mannering**, Eunice V. Blue.

Secretarial—**Eunice V. Blue**, Mary B. Perkins, Lynda A. Swanson, Dorothy A. Wilson.

Table 3.—NIPA Revisions: Selected Component Detail and Major Source Data

NIPA component	Billions of dollars				Major source data incorporated
	Revision in level			Revised 1992 level	
	1990	1991	1992		
Gross domestic product	23.9	45.4	87.8	6,038.5	
Personal consumption expenditures	12.8	18.7	44.1	4,139.9	
Goods	8.6	18.1	27.1	1,798.2	
Motor vehicles and parts .....	.5	.1	.6	204.3	
Of which:					
New autos	−.1	0	1.9	87.3	Revised data on optional equipment percentages from trade source, new data on business share of foreign car purchases from trade source for 1992.
Of which:					
Foreign	0	0	3.2	36.8	
Other motor vehicles .....	.7	−1.2	−2.0	53.9	Recreational vehicles: Revised Census Bureau annual retail trade survey (ARTS) data for 1990; new ARTS data for 1991; revised Census Bureau monthly retail sales data for 1992. Trucks: Revised Census Bureau annual survey of manufactures (ASM) commodity shipments data for 1990; new ASM commodity shipments data for 1991; BEA estimates of used truck transactions from a variety of data sources for 1992.
Goods other than motor vehicles and parts	8.1	18.0	26.5	1,593.9	
Of which:					
Furniture and household equipment	2.1	10.2	13.6	194.5	Revised Census Bureau annual retail trade survey (ARTS) data for 1990; new ARTS data for 1991; revised Census Bureau monthly retail sales data for 1992.
Other durable goods	1.2	1.4	2.7	98.5	
Food	3.4	3.7	2.8	633.7	
Clothing and shoes .....	.4	4.0	6.4	228.2	
Gasoline and oil	−.1	−2.6	−2.0	103.4	Revised Federal Highway Administration (FHWA) gasoline consumption data by type of vehicle for 1990; new FHWA gasoline consumption data for 1991; Energy Information Administration gasoline supplied data for 1992.
Other nondurable goods .....	.5	−.1	2.0	321.8	Revised Census Bureau annual retail trade survey (ARTS) data for 1990; new ARTS data for 1991; revised Census Bureau monthly retail sales data for 1992.
Services	4.1	.6	16.9	2,341.6	
Of which:					
Household operation .....	.6	3.4	6.5	234.4	
Of which:					
Telephone and telegraph .....	.6	1.9	3.5	58.7	United States Telephone Association local service revenue data for 1991; Census Bureau annual survey of communications services cellular telephone revenue data for 1990–91; Cellular Telecommunications Industry Association cellular telephone revenue data for 1992; Federal Communications Commission interstate toll revenue data for 1992.
Transportation	−.3	−1.1	.9	155.4	
Of which:					
Repair, greasing, washing, parking, storage, rental, and leasing ....	.1	−1.3	2.0	89.5	National Automobile Dealers Association data on auto repair at franchised car dealers for 1990–91; BLS consumer expenditures survey data for rental and leasing of vehicles for 1991; revised Census Bureau service annual survey (SAS) data for 1990–91; new SAS data for 1992.
Medical care	1.3	−3.1	−6.8	628.4	
Of which:					
Physicians	−.4	−4.1	−10.1	153.1	Revised Census Bureau service annual survey (SAS) data for 1990–91; new SAS data for 1992.
Other professional services	2.0	1.4	−2.3	69.2	Revised Census Bureau service annual survey (SAS) data for 1990–91; new SAS data for 1992.
Health insurance	1.0	1.7	6.3	45.9	Health Care Financing Administration estimates of premiums and benefits for 1990–91.
Personal care	−.4	−2.7	−2.5	44.2	Revised Census Bureau service annual survey (SAS) data for 1990–91; new SAS data for 1992.
Personal business	−1.4	5.7	17.4	356.0	
Of which:					
Services furnished without payment by financial intermediaries except life insurance carriers and private noninsured pension plans.	−.8	1.8	10.6	145.9	IRS tabulations of corporate tax return data for 1990–91; Federal Deposit Insurance Corporation data, National Credit Union Administration data, Office of Thrift Supervision data, Investment Company Institute data for 1992.
Expense of handling life insurance .....	.4	6.4	8.6	69.6	IRS tabulations of corporate tax return data for 1990–91; American Council of Life Insurance expense data for 1991; BLS tabulations of unemployment insurance wage and salary data for 1992.
Recreation	3.5	2.1	3.5	133.9	
Of which:					
Other than commercial participant amusements	2.4	1.0	2.1	108.2	Revised Census Bureau service annual survey (SAS) data for 1990–91; new SAS data for 1992.
Education and research	−.2	−1.0	1.1	98.2	
Of which:					
Other than higher education, nursery, elementary, and secondary schools.	.7	1.1	2.6	25.7	Revised Census Bureau service annual survey (SAS) data for 1990–91; new SAS data for 1992; BLS tabulations of unemployment insurance wage and salary data for 1992.
Religious and welfare activities	−.5	−2.0	.6	116.2	
Of which:					
Social welfare	−.4	−2.6	−1.3	74.7	BLS consumer expenditures survey data for day care for 1991; BLS tabulations of unemployment insurance wage and salary data for 1992.
Net foreign travel	1.5	−1.0	−3.2	−25.0	Revised BEA balance of payments accounts estimates for 1990–92; Department of Transportation international passenger fares data for 1990–92.
Of which:					
Foreign travel by U.S. residents .....	.5	−1.5	−4.2	38.9	

Table 3.—NIPA Revisions: Selected Component Detail and Major Source Data—Continued

NIPA component	Billions of dollars				Major source data incorporated
	Revision in level			Revised 1992 level	
	1990	1991	1992		
Fixed investment	8.8	14.2	23.1	789.1	
Nonresidential structures	.5	2.5	4.2	172.6	
Of which:					
Nonresidential buildings, excluding farm	0	.4	3.4	112.4	
Of which:					
Other than industrial	0	.4	2.0	76.2	Revised Census Bureau value of new construction put in place for 1992.
Utilities	.1	3.1	4.8	35.8	
Of which:					
Electric light and power	0	4.0	4.7	16.2	Energy Information Administration end-of-year fixed assets, capital expenditures, and monetary interest charged during construction data, BEA tabulation of plant put in service by type of plant data, Rural Electrification Administration utility plant and monetary interest charged during construction data for 1991; Edison Electric Institute capital expenditures data for 1992.
Other nonfarm structures	−2	−9	−2.0	9.8	Revised Census Bureau value of new construction put in place data for 1990–92.
Nonresidential producers' durable equipment	8.6	12.4	13.0	392.9	
Of which:					
Information processing and related equipment	2.6	1.4	−1	135.5	Revised Census Bureau annual survey of manufactures (ASM) commodity shipments data for 1990; new ASM commodity shipments data for 1991; revised Census Bureau industry shipments data for 1992. ¹
Computers and peripheral equipment	2.0	1.1	−2	39.8	
Communication equipment	−1.5	−4.4	−5.6	58.1	
Other information processing and related equipment	2.1	4.7	5.7	37.6	
Industrial equipment	−8	4.7	6.4	87.2	Revised Census Bureau annual survey of manufactures (ASM) commodity shipments data for 1990; new ASM commodity shipments data for 1991; revised Census Bureau industry shipments data for 1992. ¹
Of which:					
Special industry machinery, n.e.c.	.8	3.4	4.0	20.6	
Other industrial equipment	−4	2.5	3.6	47.3	
Transportation and related equipment	2.2	−2	−1.1	90.7	Trucks, buses, and truck trailers: revised Census Bureau annual survey of manufactures (ASM) commodity shipments data for 1990; new ASM commodity shipments data for 1991; revised Census Bureau industry shipments data for 1992. ¹
Autos: revised data on optional equipment percentages from trade source, new data on business share of foreign car purchases from trade source for 1992.					
Aircraft: revised BEA tabulation of aircraft imports, Census Bureau Current Industrial Report for complete civilian aircraft for 1992.					
Other equipment	4.6	6.2	7.6	82.4	Revised Census Bureau annual survey of manufactures (ASM) commodity shipments data for 1990; new ASM commodity shipments data for 1991; revised Census Bureau industry shipments data for 1992. ¹
Residential investment	−3	−7	5.9	223.6	
Of which:					
Improvements	0	0	8.3	58.2	BLS consumer expenditures survey and Census Bureau landlord survey data for 1992.
Change in business inventories	.6	1.6	2.9	7.3	
Farm	0	0	2.8	5.0	Revised USDA data for 1990–91; new USDA data for 1992.
Nonfarm	.5	1.7	.1	2.3	
Change in book value	−1.5	.1	−3.9	8.8	
Of which:					
Wholesale trade	−3	3.4	3.7	7.5	
Of which:					
Merchant wholesalers	.2	2.5	3.9	7.9	Census Bureau annual trade survey inventory book value data for 1991; revised Census Bureau monthly inventory data for 1992.
Retail trade	.6	−1.5	−4.4	10.3	
Of which:					
Automotive	−5	−2.6	−4.7	1.0	Census Bureau annual retail trade survey inventory book value data for 1990–91; revised BEA estimates based on data from trade sources for 1992.
Other than manufacturing and trade	−1.8	−2.4	−3.9	−1.9	IRS tabulations of inventory book value from corporate tax returns for 1990–91; Census Bureau <i>Quarterly Financial Report</i> for mining for 1992.
Inventory valuation adjustment	2.1	1.5	4.1	−6.4	
Of which:					
Wholesale trade	2.6	.2	1.5	−1.4	
Of which:					
Merchant wholesalers	2.4	.3	1.5	−1.6	Revised information on accounting methods used for inventory reporting in the 1990 and 1991 annual trade surveys; revised data on cost of inventories for 1990–92.
Other than manufacturing and trade	−2.0	.9	−2	−2.4	Revised data on cost of inventories for 1990–92.
Net exports of goods and services	−2.5	2.2	.8	−29.6	
Exports	.1	3.3	4.2	640.5	
Merchandise	.6	3.3	3.9	448.7	Revised BEA balance of payments accounts estimates, revised territorial adjustment for 1990–92; revised Census Bureau merchandise exports for 1991–92.
Services	−6	0	.2	191.7	Revised BEA balance of payments accounts estimates, revised territorial adjustment for 1990–92.
Imports	2.6	1.1	3.4	670.1	
Merchandise	1.2	.8	.4	544.5	Revised BEA balance of payments accounts estimates, revised territorial adjustment, revised Census Bureau merchandise imports for 1990–92.
Services	1.4	.3	3.0	125.6	Revised BEA balance of payments accounts estimates, revised territorial adjustment for 1990–92.

See footnotes at end of table.

Table 3.—NIPA Revisions: Selected Component Detail and Major Source Data—Continued

NIPA component	Billions of dollars				Major source data incorporated
	Revision in level			Revised 1992 level	
	1990	1991	1992		
Government purchases	4.2	8.8	16.9	1,131.8	
Federal	.1	−1.4	−3	448.8	
Of which:					
National defense	0	−1.3	−2.0	313.8	
Of which:					
Other than compensation of employees	.5	−1.0	−2.3	178.1	Revised Department of Defense contract control data reports for 1990–92; revised FY 1992 Federal budget data for 1991–92; preliminary FY 1993 Federal budget data, revised Military Assistance Programs data for 1992.
State and local	4.1	10.2	17.2	683.0	
Compensation of employees	1.3	.9	2.4	457.3	Wages and salaries: revised BLS tabulations of unemployment insurance wage and salary data for 1990–91; new BLS tabulations for 1992. Supplements to wages and salaries: revised Census Bureau <i>Government Finances</i> tabulations for FY 1991 for 1990–91 and new tabulations for FY 1992 for 1991–92; Social Security Administration data for 1990–92.
Structures	1.8	5.9	6.7	99.8	Revised Census Bureau <i>Government Finances</i> tabulations for FY 1991 for 1990–91 and new tabulations for FY 1992 for 1991; Census Bureau value of new construction put in place data for 1992.
Goods and services other than compensation of employees	1.1	3.4	8.1	125.9	Revised Census Bureau <i>Government Finances</i> tabulations for FY 1991 for 1990–91 and new tabulations for FY 1992 for 1991–92.
Gross domestic product	23.9	45.4	87.8	6,038.5	
Plus: Net receipts of factor income	1.0	−3.3	−3.9	7.3	Revised BEA balance of payments accounts estimates, BEA direct investment survey data, revised territorial adjustment for 1990–92.
Receipts of factor income from the rest of the world	8.0	2.6	.4	129.2	
Payments of factor income to the rest of the world	7.0	5.9	4.3	121.9	
Equals: Gross national product	24.9	42.2	83.9	6,045.8	
Less: Statistical discrepancy	2.4	−12.3	−10.5	23.6	
Equals: Gross national income	22.6	54.4	94.4	6,022.2	
Compensation of employees	6.4	11.6	56.8	3,582.0	
Wages and salaries	2.1	2.7	36.5	2,953.1	
Government	1.2	1.8	5.0	567.5	
Of which:					
Federal	.9	1.6	3.4	174.8	Revised Postal Service data for 1990–91; new Postal Service data for 1992; revised Office of Personnel Management data for 1991–92; revised FY 1992 Federal budget data, preliminary FY 1993 Federal budget data for 1992.
Private	1.0	.9	31.5	2,385.6	Revised BLS tabulations of unemployment insurance wage and salary data for 1990–91; new BLS tabulations for 1992; revised USDA data for 1990–91; new USDA data for 1992; BEA adjustment for accelerated bonus payments for 1992.
Supplements to wages and salaries	4.1	8.8	20.4	629.0	
Employer contributions for social insurance	.9	.2	3.4	306.3	Revised Census Bureau <i>Government Finances</i> tabulations for FY 1991 for 1990–91 and new tabulations for FY 1992 for 1991–92; Social Security Administration data for 1990–92; Treasury Department data for 1992.
Other labor income	3.3	8.6	17.0	322.7	
Of which:					
Pension and profit-sharing plans	−.1	5.7		55.1	IRS tabulations of corporate tax return data on employer contributions to pension and profit-sharing plans for 1990–91.
Group health and life insurance	3.2	4.0		220.6	Revised Health Care Finance Administration data for 1990–91; U.S. Chamber of Commerce data on employer contribution rates for group insurance for 1991.
Proprietors' income with IVA and CCAAdj	−3.6	8.4	9.8	414.3	
Farm	.2	1.0	4.2	43.7	
Of which:					
Proprietors' income with IVA	.3	1.0	4.1	51.2	Revised USDA data for 1990–91; new USDA data for 1992; IRS tabulation of corporate tax return data for 1990–91.
Nonfarm	−3.8	7.3	5.7	370.6	
Of which:					
Proprietors' income	−4.4	9.0	8.7	358.0	New Taxpayer Compliance Measurement Program tabulations for 1990; new IRS tabulations of sole proprietorship and partnership tax return data for 1991.
CCAAdj	.2	−2.0	−3.1	13.1	Capital consumption allowances: IRS tabulations of sole proprietorship and partnership tax return data for 1991. Consumption of fixed capital: Revised BEA fixed investment and price estimates for 1990–92; revised estimates from trade source of damage caused by Hurricane Andrew for 1992.
Rental income of persons with CCAAdj	−1.9	−2.4	−13.6	−8.9	
Rental income of persons	−1.9	−2.3	−11.1	57.4	Census Bureau American housing survey owner- and tenant-occupied units data for 1991; Census Bureau current population survey owner- and tenant-occupied units data for 1992; revised Federal Reserve Board mortgage debt outstanding data for 1990–92; Housing and Urban Development survey of mortgage lending activity data for 1990–92; Salomon Brothers, Inc., mortgage security prepayment profile data for 1990–92; BLS consumer expenditures survey data on maintenance and repairs for 1992; revised USDA data for 1990–92; revised IRS tabulations of individual income tax data on royalty income for 1990; new IRS data for 1991.
CCAAdj	0	0	−2.5	−66.3	Revised BEA fixed investment and price estimates for 1990–92; revised estimates from trade source of damage caused by Hurricane Andrew for 1992.

Table 3.—NIPA Revisions: Selected Component Detail and Major Source Data—Continued

NIPA component	Billions of dollars				Major source data incorporated
	Revision in level			Revised 1992 level	
	1990	1991	1992		
Corporate profits with IVA and CCAAdj	18.9	23.2	13.4	407.2	IRS tabulations of corporate tax return data for 1990–91; regulatory agency and public financial reports profits data for 1992.
Profits before tax	10.3	27.6	23.8	395.4	
Of which:					
Mining	−.3	−.4	−2.2	.9	
Construction	−.7	−2.0	−2.5	9.0	
Manufacturing	2.1	.9	.7	113.9	
Transportation	−.5	1.2	2.1	3.0	
Electric, gas, and sanitary services .....	.7	5.3	4.5	24.0	
Retail trade	−1.5	2.2	−.1	28.4	
Finance, insurance, and real estate	8.0	16.5	18.8	74.7	
Financial	9.0	19.8	21.3	78.1	
Nonfinancial	−1.0	−3.3	−2.5	−3.4	
Services .....	.8	3.0	4.6	27.7	
Rest of the world	2.2	.4	−1.7	62.3	Revised BEA balance of payments accounts estimates for 1990–92.
Receipts from rest of the world	3.7	1.0	−1.2	65.2	
Less: Payments to rest of the world	1.4	.7	.5	3.0	
IVA	3.2	1.8	2.1	−5.3	Capital consumption allowances: IRS tabulations of corporate tax return data for 1990–91. Consumption of fixed capital: Revised BEA fixed investment and price estimates for 1990–92; revised estimates from trade source of damage caused by Hurricane Andrew for 1992.
CCAAdj	5.4	−6.2	−12.4	17.1	
Net interest	3.0	13.3	26.8	442.0	
Net monetary interest	−5.3	−7.6	−8.8	76.2	
Monetary interest paid	9.1	13.8	.....	1,620.6	
Of which:					
Domestic business	5.5	12.8	.....	1,160.5	IRS tabulations of corporate tax return data for 1990–91; IRS tabulations of sole proprietorship and partnership tax return data for 1991; Federal Reserve Board flow-of-funds accounts data, Investment Company Institute data, Federal Deposit Insurance Corporation data, Office of Thrift Supervision data, Federal Reserve Board mortgage debt outstanding data for 1990–92; Housing and Urban Development survey of mortgage lending activity data for 1990–92; Salomon Brothers, Inc., mortgage security prepayment profile data for 1990–92.
Of which:					
Financial corporations	7.6	13.6	.....	427.7	Revised BEA balance of payments accounts estimates for 1990–92.
Nonfinancial corporations	−3.2	4.1	.....	339.2	
Sole proprietorships and partnerships	−.5	−6.4	.....	116.2	
Rest of the world	4.3	1.6	1.4	62.9	
Of which:					
To business and persons	4.3	1.7	.8	57.9	
Less: Monetary interest received	9.1	13.8	.....	1,620.6	
Domestic business	9.6	16.7	.....	1,039.7	IRS tabulations of corporate tax return data for 1990–91; IRS tabulations of sole proprietorship and partnership tax return data for 1991; Federal Reserve Board flow-of-funds accounts data, Federal Deposit Insurance Corporation data, Office of Thrift Supervision data for 1990–92.
Of which:					
Financial corporations	12.1	11.4	.....	847.1	Revised Census Bureau <i>Government Finances</i> tabulations for FY 1991 for 1990–91 and new tabulations for FY 1992 for 1991–92.
Nonfinancial corporations	−2.5	6.1	.....	179.4	
Persons	−4.7	−5.9	−11.8	336.1	
Government	−1.2	−2.2	1.8	137.3	
Of which:					
State and local	−1.4	−1.5	2.1	105.5	
Rest of the world	5.5	5.3	3.8	107.5	Revised BEA balance of payments accounts estimates for 1990–92.
From business	2.6	2.6	1.5	66.4	
From Federal Government	2.9	2.7	2.3	41.2	
Net imputed interest	8.3	21.0	35.5	365.8	
Interest paid (by domestic financial corporate business)	8.0	21.4	.....	427.7	
Banks, credit agencies, and investment companies	−1.2	2.3	.....	215.5	IRS tabulations of corporate tax return data for 1990–91; Federal Deposit Insurance Corporation data, National Credit Union Administration data, Office of Thrift Supervision data, Investment Company Institute data for 1992.
Life insurance carriers and private noninsured pension plans	9.2	19.0	25.2	212.3	IRS tabulations of corporate tax return data, American Council of Life Insurance data for 1990–91; Federal Reserve Board flow-of-funds accounts private noninsured pension plans data for 1990–92.
Less: Interest received	8.0	21.4	.....	427.7	Federal Reserve Board flow-of-funds accounts assets data for 1990–92; Federal Deposit Insurance Corporation data for 1992.
Of which:					
Persons	8.4	21.0	35.8	358.2	
From banks, credit agencies, and investment companies	−.8	1.8	10.6	145.9	
From life insurance carriers and private noninsured pension plans	9.2	19.0	25.2	212.3	

Table 3.—NIPA Revisions: Selected Component Detail and Major Source Data—Continued

NIPA component	Billions of dollars				Major source data incorporated
	Revision in level			Revised 1992 level	
	1990	1991	1992		
Consumption of fixed capital	−.1	0	4.5	657.9	Revised BEA fixed investment and price estimates for 1990–92; revised estimates from trade source of damage caused by Hurricane Andrew for 1992.
Of which:					
Noncorporate	−.1	−.3	2.7	261.3	
Capital consumption allowances	5.4	−8.3	−13.6	605.7	
Corporate	5.3	−6.0	−10.7	413.7	IRS tabulations of corporate tax return data for 1990–91; revised BEA estimates based on revised BEA fixed investment estimates and BEA depreciation model for 1992.
Noncorporate .....	.1	−2.3	−2.9	192.1	IRS tabulations of sole proprietorship and partnership tax return data for 1991; revised BEA estimates based on revised BEA fixed investment estimates and BEA depreciation model for 1992; revised BEA estimates for other private business based on revised BEA fixed investment estimates for 1990–92.
Less: CCAAdj	5.5	−8.2	−18.0	−52.1	
Corporate	5.4	−6.2	−12.4	17.1	
Noncorporate .....	.2	−2.0	−5.7	−69.3	
Nonfarm proprietors' income .....	.2	−2.0	−3.1	13.1	
Other	0	0	−2.6	−82.4	
Of which:					
Rental income of persons	0	0	−2.5	−66.3	
Nonfactor incomes	−.1	.4	−3.3	527.7	
Of which:					
Business transfer payments .....	.4	−1.8	−2.1	27.6	
Of which:					
Payments to persons .....	.1	−2.1	−2.9	21.6	IRS tabulations of corporate tax return data on corporate gifts for 1990–91; A.M. Best Company medical malpractice loss data for 1991; A.M. Best Company insured losses on auto liability for personal injury data for 1991.
Less: Subsidies less current surplus of government enterprises .....	.3	−.8	−.2	2.7	FY 1992 Federal budget data for 1991–92; revised Census Bureau <i>Government Finances</i> tabulations for FY 1991 for 1990–91 and new tabulations for FY 1992 for 1991–92.
Addenda:					
National income	22.7	54.1	93.2	4,836.6	See entries under “gross national income.”
Personal income	9.6	22.6	86.8	5,144.9	See entries under “gross national income” and additional sources below.
Of which:					
Wage and salary disbursements, other labor income, proprietors' income with IVA and CCAAdj, and rental income of persons with CCAAdj.	0	17.4	68.2	3,701.2	
Personal dividend income	4.1	−9.1	1.1	140.4	IRS tabulations of corporate tax return data for 1990–91; regulatory agency and public financial reports dividends data for 1992.
Personal interest income	3.7	15.0	24.1	694.3	See entries under “net interest.”
Of which:					
Net interest	3.0	13.3	26.8	442.0	See entries under “net interest.”
Domestic business	4.3	16.9	29.2	496.9	
Rest of the world	−1.2	−3.6	−2.4	−54.9	
Net interest paid by government	1.0	2.0	−1.8	141.1	See entries under “net interest.”
Of which:					
State and local	1.1	1.3	−2.2	−46.0	
Transfer payments to persons	1.8	−1.2	−7.7	858.4	
From business .....	.1	−2.1	−2.9	21.6	See entry under “business transfer payments.”
From government	1.7	.9	−4.8	836.8	
Of which:					
State and local .....	.7	1.2	−5.0	228.6	Revised Census Bureau <i>Government Finances</i> tabulations for FY 1991 for 1990–91 and new tabulations for FY 1992 for 1991–92; Health Care Financing Administration tabulations of medicaid data for 1992; Department of Health and Human Services tabulations of aid to families with dependent children and other categorical assistance data for 1992.
Less: Personal tax and nontax payments	2.0	1.7	17.5	644.8	
Of which:					
Federal	1.7	1.5	16.7	490.8	Social Security Administration contributions data for 1990–92; Treasury Department personal income tax collections data for 1992.
Equals: Disposable personal income	7.6	20.9	69.4	4,500.2	
Less: Personal outlays	13.3	19.1	43.4	4,261.5	
Of which:					
Personal consumption expenditures	12.8	18.7	44.1	4,139.9	See entries under “personal consumption expenditures.”
Equals: Personal saving	−5.6	1.9	26.1	238.7	

1. Estimates for which the Census Bureau shipments data are listed include a BEA adjustment to account for a downward bias resulting from incomplete incorporation of new businesses.

BEA Bureau of Economic Analysis
BLS Bureau of Labor Statistics
CCAAdj Capital consumption adjustment

FY Fiscal year
IRS Internal Revenue Service
IVA Inventory valuation adjustment
USDA U.S. Department of Agriculture
n.e.c. Not elsewhere classified

Text continues from page 12.

revisions were large by historical standards. For example, the revision for 1992, the "most recent year" in this annual NIPA revision, is 1.0 percentage point larger than the average revision for the "most recent year" in the annual NIPA revisions since 1969.

In this annual revision, the largest dollar revisions among the major components of GDP were to personal consumption expenditures for goods and for services, to nonresidential producers' durable equipment, and to State and local government purchases.

Personal consumption expenditures (PCE) for goods.—PCE goods was revised up for all 3 years: \$8.6 billion for 1990, \$18.1 billion for 1991, and \$27.1 billion for 1992. Upward revisions to "goods other than motor vehicles and parts" accounted for most of the revisions for all 3 years; these revisions resulted from the incorporation of revised Census Bureau retail sales data. Within this category, the largest upward revisions were to furniture and household equipment, food, clothing and shoes, and "other durable goods." Gasoline and oil was revised down for all 3 years, reflecting revised gasoline consumption data by type of vehicle for 1990 from the Federal Highway Administration (FHWA), newly available FHWA consumption data for 1991, and Energy Information Administration data on gasoline supplied to retailers for 1992.

PCE for services.—PCE services was revised up for all 3 years: \$4.1 billion for 1990, \$0.6 billion for 1991, and \$16.9 billion for 1992. Revisions to recreation services accounted for most of the upward revision for 1990; revisions to personal business services more than accounted for the upward revisions for 1991 and 1992. The upward revision to recreation services for 1990 was accounted for primarily by revised Census Bureau data on annual service receipts. The upward revisions to personal business services for 1991 and 1992 reflected the incorporation of newly available information from a variety of regular sources for two components—"services furnished without payment by financial intermediaries except life insurance carriers and private noninsured pension plans" and "expense of handling life insurance."

Among the other types of PCE services, household operation services was revised up for all 3 years; the revisions were primarily to telephone and telegraph services. Within telephone and

telegraph services, the revisions largely reflected a change in BEA's assumptions about the consumer share of purchases of cellular phone services; previously, the consumer share of these purchases had been assumed to be zero. In addition, newly available source data for cellular phone services revenue for 1990–92 were incorporated.

Transportation services was revised down for 1990 and 1991 and up for 1992. Revisions to motor vehicle repair, greasing, washing, parking, storage, rental, leasing, and related services more than accounted for the 1991 and 1992 revisions. These revisions primarily reflected the incorporation of revised Census Bureau receipts data for 1991, new receipts data for 1992, and new Bureau of Labor Statistics (BLS) data on automobile rental and leasing for 1991.

Medical care services was revised up for 1990 and down for 1991 and 1992. Within medical care services, health insurance was revised up for all 3 years, reflecting revised Health Care Financing Administration (HCFA) data for 1990, new HCFA data for 1991, and revised BEA projections for 1992. Physicians' services was revised down for all 3 years, reflecting the incorporation of revised Census Bureau annual receipts data for 1990 and 1991 and new receipts data for 1992. Personal care services was revised down for all 3 years, also reflecting the incorporation of newly available Census Bureau receipts data.

Net foreign travel was revised up for 1990 and down for 1991 and 1992, reflecting revisions to the BEA balance of payments accounts (BPA's) and an improved procedure for estimating passenger fare payments by U.S. residents; the improved procedure incorporates BPA estimates of passenger fare exports and imports and U.S. Department of Transportation data on international passenger revenue.

Nonresidential structures.—Nonresidential structures was revised up for all 3 years: \$0.5 billion for 1990, \$2.5 billion for 1991, and \$4.2 billion for 1992. Revisions to utilities, mainly to electric light and power, more than accounted for the upward revision for 1991. The upward revision to electric light and power reflected newly available data from a variety of regular sources. For 1992, nonresidential buildings was revised up, and "other nonfarm structures" was revised down. These revisions reflected revised Census Bureau data on the value of new construction put in place.

Nonresidential producers' durable equipment (PDE).—Nonresidential PDE was revised up for all 3 years: \$8.6 billion for 1990, \$12.4 billion for

1991, and \$13.0 billion for 1992. The upward revisions were widespread among the components of PDE. For 1990 and 1991, the revisions primarily reflected the introduction of commodity shipments data from the 1990 and 1991 Annual Surveys of Manufactures. For 1992, the revisions reflected newly available industry shipments data from the Census Bureau monthly survey of manufacturers and from the Census Bureau Current Industrial Report covering civilian aircraft. For all 3 years, the revisions also reflected a BEA adjustment to account for a downward bias in the Census Bureau shipments data that resulted from an incomplete incorporation of new businesses (see the section “Changes in methodology”).

Residential fixed investment.—Residential fixed investment was revised down slightly for 1990 and 1991 and up \$5.9 billion for 1992. For 1992, the revision was largely accounted for by an upward revision to “improvements,” reflecting the incorporation of information from BLS and Census Bureau surveys.

Change in business inventories.—The change in business inventories was revised up for all 3 years: \$0.6 billion for 1990, \$1.6 billion for 1991, and \$2.9 billion for 1992. The change in farm inventories was unrevised for 1990 and 1991 and was revised up \$2.8 billion for 1992; the revision for 1992 reflected the incorporation of new estimates from the U.S. Department of Agriculture (USDA).

The change in nonfarm inventories was revised up for all 3 years: \$0.5 billion for 1990, \$1.7 billion for 1991, and \$0.1 billion for 1992. For 1990, upward revisions to the IVA more than offset downward revisions to the change in book value; both revisions largely reflected the incorporation of data from a variety of regular sources. For 1991, the upward revision was primarily due to revisions to the IVA. For 1992, upward revisions to the IVA more than offset downward revisions to the change in book value; the latter reflected downward revisions to retail trade automotive dealers and to industries other than manufacturing and trade that offset an upward revision to merchant wholesale trade.

Net exports of goods and services.—Net exports of goods and services was revised down \$2.5 billion for 1990, up \$2.2 billion for 1991, and up \$0.8 billion for 1992. The downward revision for 1990 was due to upward revisions to imports of merchandise and of services. The upward revisions for 1991 and 1992 were due to upward revisions to exports of merchandise; for 1992, the

revision to merchandise exports was mostly offset by an upward revision to imports of services. Except for the revisions to merchandise exports for 1991 and 1992, the revisions to exports and imports mainly reflected revisions to the BPA's. The revisions to merchandise exports mainly reflected revisions to the territorial adjustment and were based on revised data from Puerto Rico and the U.S. Virgin Islands.¹ (For more information about revisions to the BPA's, see the section “Changes in methodology.”)

Government purchases.—Government purchases was revised up for all 3 years: \$4.2 billion for 1990, \$8.8 billion for 1991, and \$16.9 billion for 1992. The revisions were primarily to State and local government purchases, which accounted for most of the revision for 1990 and more than accounted for the revisions for 1991 and 1992, and reflected revised fiscal year 1991 and new fiscal year 1992 data from Census Bureau surveys of government finances. Within State and local government purchases, the revisions for 1991 and 1992 were largely to structures and to “goods and services other than compensation of employees.”

Net receipts of factor income.—Net receipts of factor income from the rest of the world, which is excluded from GDP but included in GNP, was revised up \$1.0 billion for 1990, down \$3.3 billion for 1991, and down \$3.9 billion for 1992. Both receipts and payments of factor income were revised up for all 3 years. Receipts of factor income was revised up \$8.0 billion for 1990, \$2.6 billion for 1991, and \$0.4 billion for 1992; payments of factor income was revised up \$7.0 billion for 1990, \$5.9 billion for 1991, and \$4.3 billion for 1992. The revisions reflected the incorporation of the results of two 1989 benchmark surveys: BEA's benchmark survey of U.S. direct investment abroad and the U.S. Treasury Department's benchmark survey of foreign portfolio investment in the United States. (See the section “Changes in methodology.”)

GNP.—The level of GNP was revised up for all 3 years: \$24.9 billion, or 0.4 percent, for 1990; \$42.2 billion, or 0.7 percent, for 1991; and \$83.9 billion, or 1.4 percent, for 1992. The revision to GNP for 1990 was roughly the same as that to GDP, and it was somewhat smaller than that to GDP for 1991 and 1992. The relatively smaller revisions

1. The territorial adjustment converts merchandise trade from a BPA basis, which includes Puerto Rico and U.S. territories as part of the United States, to a NIPA basis, which includes Puerto Rico and U.S. territories as part of the “rest of the world.” Similar adjustments are made for services and for receipts and payments of factor income.

to GNP for 1991 and 1992 reflected the downward revisions to net receipts of factor income.

Gross national income (GNI) and the statistical discrepancy.—GNI measures the costs incurred and the profits earned in the production of GNP; GNP measures final expenditures—the sum of consumer spending, investment, net exports, and government purchases—plus net receipts of factor income from the rest of the world. In concept, GNP is equal to GNI. In practice, they differ because they are estimated using less than perfectly consistent source data. The difference between GNP and GNI is the statistical discrepancy.

The level of GNI was revised up for all 3 years: \$22.6 billion, or 0.4 percent, for 1990; \$54.4 billion, or 1.0 percent, for 1991; and \$94.4 billion, or 1.6 percent, for 1992. For 1990, the revision to GNI was slightly less than that to GNP, and the statistical discrepancy was revised up from \$5.4 billion to \$7.8 billion. For 1991 and 1992, the revisions to GNI were considerably larger than those to GNP, and the statistical discrepancy was revised down from \$21.9 to \$9.6 billion for 1991 and from \$34.1 billion to \$23.6 billion for 1992. As a percentage of GNP, the revised statistical discrepancy is 0.1 percent for 1990, 0.2 percent for 1991, and 0.4 percent for 1992.

Within GNI, corporate profits with IVA and CCAdj was revised up considerably for all 3 years. Net interest, compensation of employees, and proprietors' income with IVA and CCAdj were revised up considerably for 1991 and 1992. For 1992, the upward revisions were partly offset by a downward revision to rental income of persons with CCAdj.

Compensation of employees.—Compensation of employees was revised up for all 3 years: \$6.4 billion for 1990, \$11.6 billion for 1991, and \$56.8 billion for 1992. Both wages and salaries and supplements to wages and salaries were revised up for all 3 years. The substantial upward revision to wages and salaries for 1992 resulted from the incorporation of BLS tabulations of unemployment insurance wage and salary data. For 1992, these data were adjusted from a "when-paid" basis to an accrual basis for inclusion in national income by excluding the larger-than-usual amount of bonuses paid in 1992. (For more information, see the section "[Changes in methodology](#).")

For all 3 years, the revisions to supplements were mostly accounted for by other labor income. For 1990, the revision to other labor income was to group health insurance; it reflected re-

vised HCFA data. For 1991, the revision was to group health insurance, reflecting revised HCFA data, and to pension and profit-sharing plans, reflecting newly available Internal Revenue Service (IRS) tabulations of corporate tax return data. For 1992, the revision reflected the revised levels for 1991 and revised BEA projections for 1992. In addition, employer contributions for social insurance was revised up for 1992, reflecting the incorporation of newly available regular source data.

Proprietors' income with IVA and CCAdj.—Proprietors' income with IVA and CCAdj was revised down \$3.6 billion for 1990, up \$8.4 billion for 1991, and up \$9.8 billion for 1992. For 1990 and 1991, the revisions were mostly accounted for by the nonfarm component of proprietors' income; for 1992, the farm and nonfarm components contributed about equally to the revision. For farm proprietors' income, the revision for 1992 reflected the incorporation of new estimates from USDA.

For nonfarm proprietors' income, the revision for 1990 primarily reflected the incorporation of newly available data from the IRS Taxpayer Compliance Measurement Program, which BEA uses for the tax return misreporting adjustment. This adjustment modifies tax return data for underreported incomes, for overreported expenses, and for nonreported incomes. The revisions for 1991 and 1992 primarily reflected newly available IRS tabulations of 1991 tax return data for sole proprietorships and partnerships. The CCAdj for nonfarm proprietors' income was revised down for 1991 and 1992 (see the discussion of [consumption of fixed capital](#)).

Rental income of persons with CCAdj.—Rental income of persons with CCAdj was revised down for all 3 years: \$1.9 billion for 1990, \$2.4 billion for 1991, and \$13.6 billion for 1992. Rental income of persons (without CCAdj) accounted for all of the revisions for 1990 and 1991 and for \$11.1 billion of the revision for 1992. For all 3 years, the revisions to rental income of persons were primarily due to revised mortgage interest payments—the largest expense item in calculating rental income. Specifically, the revised estimates incorporate an improvement in the procedure introduced in last year's annual revision for estimating the effective rate of interest on mortgage debt (see the section "[Changes in methodology](#)"). The CCAdj for rental income of persons was unrevised for 1990 and 1991 and was revised down \$2.5 billion for

1992 (see the discussion of **consumption of fixed capital**).

Corporate profits with IVA and CCAdj.—Corporate profits with IVA and CCAdj was revised up for all 3 years: \$18.9 billion for 1990, \$23.2 billion for 1991, and \$13.4 billion for 1992. Revisions to domestic profits primarily reflected the incorporation of revised IRS tabulations of corporate tax return data for 1990 and newly available tabulations for 1991. Revisions to rest-of-the-world profits reflected the incorporation of revisions to the BPA's.

Corporate profits before tax was revised up for all 3 years. Domestic profits of financial corporations, mainly commercial banks and savings and loan associations, accounted for most of the revisions. For 1990, the revisions reflected the revised IRS tax return tabulations. For 1991, the revisions resulted from the replacement of profits derived from regulatory agency reports with profits derived from the tax return tabulations. For 1992, the revision largely reflected the revised levels for 1991.

The IVA for corporate profits, mainly for manufacturing, was revised up for all 3 years, reflecting revised price indexes and new information on inventory accounting methods from Census Bureau annual surveys.

The CCAdj for corporate profits was revised up for 1990 and down for 1991 and 1992 (see the discussion of **consumption of fixed capital**).

Net interest.—Net interest was revised up for all 3 years: \$3.0 billion for 1990, \$13.3 billion for 1991, and \$26.8 billion for 1992. For each year, a downward revision to net monetary interest was more than offset by an upward revision to net imputed interest. For 1990, monetary interest paid to and received by domestic business were both revised up, reflecting revised IRS tabulations of corporate tax return data. Rest-of-the-world monetary interest paid and received were both revised up (received more than paid), reflecting revisions to the BPA's. The revision to net imputed interest was to interest paid both by life insurance carriers, reflecting new source data (see the section "**Changes in methodology**"), and by private noninsured pension plans, reflecting revised Federal Reserve Board flow-of-funds accounts assets data and BEA estimates of effective interest rates. For 1991, monetary interest paid to and received by domestic business were both revised up, reflecting new IRS tabulations of tax return data for corporations and for nonfarm sole proprietorships and partnerships. The revision to

net imputed interest was mostly to interest paid by pension plans, reflecting the revised flow-of-funds data and the estimated interest rates noted earlier. For 1992, the revisions were similar to, albeit larger than, those for 1991.

Consumption of fixed capital.—Consumption of fixed capital—that is, economic depreciation and accidental damage—was revised little for 1990 and 1991 and was revised up \$4.5 billion for 1992. The revisions reflected revised BEA estimates of fixed investment and prices and, for 1992, revised trade source data used to estimate the damage caused by Hurricane Andrew.

Capital consumption allowances—that is, tax-return-based depreciation for corporations and nonfarm proprietorships, historical-cost depreciation using consistent service lives for farm proprietorships and rental income of persons, and accidental damage—was revised up \$5.4 billion for 1990, down \$8.2 billion for 1991, and down \$13.6 billion for 1992. The upward revision for 1990 reflected revised IRS tabulations of corporate tax return data. The downward revisions for 1991 and 1992 reflected newly available IRS tabulations of 1991 tax return data for corporations and for nonfarm sole proprietorships and partnerships.

The CCAdj—which is derived as the difference between capital consumption allowances and the economic measure of depreciation—was revised up \$5.5 billion for 1990, down \$8.2 billion for 1991, and down \$18.0 billion for 1992.

Nonfactor incomes.—Nonfactor incomes—indirect business tax and nontax liability, business transfer payments, and subsidies less current surplus of government enterprises—was revised little for 1990, up \$0.4 billion for 1991, and down \$3.3 billion for 1992. The revision for 1992 was largely due to business transfer payments.

National income.—National income was revised up for all 3 years: \$22.7 billion for 1990, \$54.1 billion for 1991, and \$93.2 billion for 1992. These revisions reflected the aforementioned revisions to compensation of employees, proprietors' income, rental income of persons, corporate profits, and net interest.

Personal income and its disposition.—Personal income was revised up for all 3 years: \$9.6 billion for 1990, \$22.6 billion for 1991, and \$86.8 billion for 1992. These revisions partly reflected the previously described revisions to the components of national income that are included in personal income—wages and salaries, other labor

income, proprietors' income, and rental income of persons. They also reflect revisions to personal dividend income, personal interest income, and transfer payments to persons, all of which are in personal income but not in national income. Personal dividend income was revised up \$4.1 billion for 1990, down \$9.1 billion for 1991, and up \$1.1 billion for 1992; these revisions reflected the incorporation of revised IRS tabulations of corporate tax return data for 1990 and newly available tabulations for 1991, as well as the incorporation of data from publicly available corporate financial statements for 1992. Personal interest income was revised up for all 3 years, largely reflecting the aforementioned revisions to net interest. Transfer payments was revised up for 1990 and down for 1991 and 1992. The revision for 1992 was more than accounted for by newly available HCFA data on State and local government payments for medicaid.

The smaller revisions to personal income than to national income for the 3 years were traceable to the components of corporate profits that are not in personal income. For 1992, the difference in the size of the revisions to the two income measures was much smaller than for the 2 preceding years because of the revisions to wages and salaries: Wages and salaries in national income was revised up \$36.5 billion for 1992; wages and salaries in personal income was revised up \$55.0 billion. (See the section "[Changes in methodology](#).")

Personal tax and nontax payments was revised up for all 3 years: \$2.0 billion for 1990, \$1.7 billion for 1991, and \$17.5 billion for 1992. The upward revision for 1992 was due mostly to payments to the Federal Government and reflected newly available data from the U.S. Treasury Department. As noted in the April 1993 SURVEY, there was an unusually large difference between the fiscal year 1992 collections of personal taxes and the corresponding NIPA series. The difference was due to two factors: First, the impact of a change to withholding tables that was implemented in March 1992; and second, as noted above, a substantial understatement in the previously published NIPA wage and salary series used to estimate tax payments.²

Reflecting the revisions to personal income and to personal tax and nontax payments, disposable personal income (DPI) was revised up for all 3 years: \$7.6 billion for 1990, \$20.9 billion for 1991, and \$69.4 billion for 1992.

Personal outlays—PCE, interest paid by persons, and personal transfer payments to rest of the world (net)—was revised up for all 3 years: \$13.3 billion for 1990, \$19.1 billion for 1991, and \$43.4 billion for 1992. The revisions for all 3 years were largely to PCE.

Personal saving—the difference between DPI and personal outlays—was revised down \$5.6 billion for 1990, up \$1.9 billion for 1991, and up \$26.1 billion for 1992.

Annual price estimates

Revisions to fixed-weighted price indexes result from the incorporation of newly available source data and of methodological changes. Source data that affect these indexes consist not only of price indexes, which are used for deflation, but also of current-dollar estimates and quantity data, which are used for preparing constant-dollar estimates by quantity extrapolation or direct valuation (see the section "[Updated summary methodologies](#)").

Newly available price index information includes revised price indexes for domestic, exported, and imported computers, for foreign travel, for single-family houses, and for defense goods and services. Newly available current-dollar estimates affected the price estimates for two types of PCE services—"services furnished without payment by financial intermediaries except life insurance carriers and private noninsured pension plans" and health insurance—for petroleum and natural gas exploration, and for Federal Government and State and local government employee compensation.

In addition, methodological changes were made in the deflation of two GDP components. For residential structures, BEA's multifamily price index, which had been introduced in the 1991 comprehensive revision of the NIPA's, was extended through 1992. For net exports, changes were made in the deflation of several service components—air passenger fares, royalties and license fees, "other private services," and the territorial adjustments. (See the section "[Changes in methodology](#).")

The level of the GDP fixed-weighted price index was unrevised at 113.6 for 1990 and was revised up 0.1 index point to 118.2 for 1991 and up 0.5 index point to 122.1 for 1992. Reflecting these revisions in level, the annual percent increase in the index was unrevised at 4.6 percent for 1990 and was revised up 0.1 percentage point to 4.1 percent for 1991 and up 0.4 percentage point to 3.3 percent for 1992. (Revisions to price changes for gross domestic purchases were about the same

2. See Karl Galbraith, "Federal Budget Estimates, Fiscal Year 1994," SURVEY 73 (April 1993): 46-52.

as those for GDP.) Revisions to the price changes for components of GDP were generally small; the largest revisions were to PCE services for 1992 and to State and local government purchases for 1992 (table 4).

The increase in prices of PCE services for 1992 was revised up 0.9 percentage point to 5.0 percent. The revision was to services furnished without payment by financial intermediaries, to health insurance, and to foreign travel by U.S. residents. The prices of services furnished without payment by financial intermediaries and of health insurance are "implicit" prices because the constant-dollar estimates of these components are prepared by quantity extrapolation. The revisions to both components were due primarily to upward revisions to the current-dollar estimates. For services furnished without payment by financial intermediaries, the quantity extrapolator was revised down slightly; for health insurance, the quantity extrapolator was revised up slightly. The revision to foreign travel reflected a newly available composite index of consumer prices for foreign countries.

The increase in prices of State and local government purchases for 1992 was revised up 0.6 percentage point to 2.5 percent. The revision was mainly due to the implicit price for compensation of employees. For this component, the current-dollar estimate was revised up more than the quantity extrapolator.

Annual constant-dollar estimates

In general, revisions to real GDP reflect four factors: (1) Revisions to current-dollar components of GDP whose constant-dollar estimates are prepared by deflation, (2) revisions to the prices used in deflation, (3) revisions to the quantities used to estimate components of real GDP by extrapolation or direct valuation, and (4) revisions caused by shifts in the composition of current-dollar GDP. The following tabulation provides information on the effects of these factors on the revisions to the level of and percent change in real GDP, which are shown in the last line. Revisions to current-dollar GDP are shown in the first line; revisions to the GDP price index (fixed weights) are shown in the second line; and "other" revisions, a residual, is shown in the third line.

In this presentation, the first line, "revisions to current-dollar GDP," includes current-dollar revisions for those components of real GDP that are estimated by extrapolation or direct valuation; the second line, "revisions to the GDP price index," includes revisions to the "implicit"

prices that result from the relationship between the current-dollar estimates and the quantities used to prepare the constant-dollar estimates for those components. Thus, for those components, current-dollar revisions are offset by revisions to the "implicit" prices if there are no revisions to the constant-dollar estimates.

	Percent revision in level of GDP			Revision in annual percent change in GDP		
	1990	1991	1992	1990	1991	1992
Current-dollar revisions	0.4	0.8	1.5	0.4	0.4	0.7
Less: Price revisions	0	.1	.4	0	.1	.3
Plus: Other revisions	0	.1	.2	0	.1	.2
Equals: Constant-dollar revisions.	.4	.8	1.3	.4	.5	.5

The level of real GDP was revised up for each year: 0.4 percent for 1990, 0.8 percent for 1991, and 1.3 percent for 1992. Reflecting these revisions in level, the annual percent change in real GDP was also revised up for each year: 0.4 percentage point to 1.2 percent for 1990, 0.5 percentage point to -0.7 percent for 1991, and 0.5 percentage point to 2.6 percent for 1992 (table 4). For 1990 and 1991, the current-dollar revisions fully accounted for the constant-dollar revisions; for 1991, the price and "other" revisions had small offsetting effects. For 1992, the current-dollar revision was more than the constant-dollar revision, and "prices" were revised up. The pattern of revisions for 1992 largely reflected revisions to the PCE component "services furnished by financial intermediaries except life insurance carriers and noninsured pension funds"—for which the constant-dollar estimate is prepared using quantity extrapolation. In current dollars, this component was revised up for 1992, contributing 0.2 percentage point to the 0.7-percentage point upward revision to current-dollar GDP. Because there was virtually no revision to the quantity extrapolator, there was no revision to the constant-dollar estimate of this component.

For 1990, the upward revision to the increase in real GDP was more than accounted for by PCE (both goods and services) and by nonresidential fixed investment. For 1991, the upward revision to the decrease in real GDP reflected smaller decreases in PCE goods and in nonresidential fixed investment and larger increases in State and local government purchases and in net exports of goods and services. For 1992, the upward revision to the increase in real GDP was accounted for by larger increases in PCE goods, residential fixed investment, and State and local government purchases and by a smaller decrease in net exports.

Table 4.—Revisions in Percent Change in GDP, Real GDP, and Price Indexes (Fixed Weights)

[Percent change from preceding year]

	1989	1990			1991			1992		
		Previously published	Revised	Revision	Previously published	Revised	Revision	Previously published	Revised	Revision
	Current dollars									
Gross domestic product	7.2	5.2	5.6	0.4	2.8	3.2	0.4	4.8	5.5	0.7
Personal consumption expenditures	6.9	6.4	6.8	.4	3.7	3.9	.2	5.4	6.0	.6
Durable goods	5.1	1.1	1.9	.8	-3.9	-2.2	1.7	7.7	8.6	.9
Nondurable goods	7.0	6.5	6.9	.4	2.2	2.3	.1	3.1	3.4	.3
Services	7.2	7.6	7.8	.2	6.3	6.1	-2	6.1	6.9	.8
Gross private domestic fixed investment	2.8	-7	.4	1.1	-7.8	-7.0	.8	4.7	5.8	1.1
Nonresidential	4.2	1.7	3.3	1.6	-6.3	-5.2	1.1	1.3	1.7	.4
Structures	6.2	4.0	4.3	.3	-10.4	-9.4	1.0	-6.5	-5.5	1.0
Producers' durable equipment	3.1	.5	2.7	2.2	-4.1	-3.1	1.0	5.3	5.3	0
Residential	-5	-6.6	-6.8	-2	-11.7	-11.9	-2	14.4	17.9	3.5
Change in business inventories										
Net exports of goods and services										
Exports	14.4	9.6	9.7	.1	7.4	8.0	.6	6.4	6.5	.1
Imports	6.4	6.5	6.9	.4	-9	-1.2	-3	7.5	7.9	.4
Government purchases	6.1	7.0	7.4	.4	4.5	5.0	.5	2.2	3.0	.8
Federal	3.8	6.2	6.2	0	4.9	4.5	-.4	.4	.7	.3
National defense	1.5	4.7	4.7	0	3.1	2.7	-.4	-2.5	-2.7	-.2
Nondefense	11.3	10.5	10.6	.1	10.0	9.7	-3	7.9	9.4	1.5
State and local	7.9	7.5	8.2	.7	4.3	5.2	.9	3.5	4.5	1.0
	Constant (1987) dollars									
Gross domestic product	2.5	.8	1.2	.4	-1.2	-7	.5	2.1	2.6	.5
Personal consumption expenditures	1.9	1.2	1.5	.3	-.6	-.4	.2	2.3	2.6	.3
Durable goods	2.8	-.3	.5	.8	-5.6	-3.7	1.9	5.9	7.0	1.1
Nondurable goods	1.6	.5	.9	.4	-1.3	-1.2	.1	1.1	1.4	.3
Services	1.9	1.9	2.2	.3	1.1	.8	-3	2.1	2.2	.1
Gross private domestic fixed investment .....	.1	-2.8	-1.7	1.1	-8.5	-7.7	.8	5.5	6.2	.7
Nonresidential	1.7	-.4	1.2	1.6	-7.0	-5.9	1.1	3.0	2.9	-.1
Structures	2.1	.8	1.1	.3	-12.0	-10.8	1.2	-6.9	-6.0	.9
Producers' durable equipment	1.6	-1.0	1.2	2.2	-4.6	-3.5	1.1	7.5	6.9	-.6
Residential	-3.8	-9.1	-9.2	-.1	-12.6	-12.9	-3	13.2	16.3	3.1
Change in business inventories										
Net exports of goods and services										
Exports	11.9	8.1	8.2	.1	5.8	6.4	.6	6.3	6.4	.1
Imports	3.7	3.0	3.6	.6	-.1	-.5	-.4	9.6	8.7	-.9
Government purchases	2.0	2.8	3.1	.3	1.2	1.5	.3	-.3	-.1	.2
Federal	-.3	2.0	2.1	.1	1.2	.6	-.6	-3.3	-3.5	-.2
National defense	-2.0	.7	.8	.1	-.2	-.8	-.6	-6.3	-7.1	-.8
Nondefense	5.1	5.8	5.9	.1	5.2	4.9	-3	4.8	6.2	1.4
State and local	3.7	3.4	3.8	.4	1.2	2.0	.8	1.7	2.2	.5
	Price indexes (fixed weights)									
Gross domestic product	4.5	4.6	4.6	0	4.0	4.1	.1	2.9	3.3	.4
Personal consumption expenditures	5.0	5.3	5.3	0	4.4	4.5	.1	3.2	3.7	.5
Durable goods	2.4	1.7	1.7	0	2.5	2.6	.1	2.3	2.2	-.1
Nondurable goods	5.5	6.2	6.2	0	3.6	3.7	.1	2.1	2.1	0
Services	5.3	5.6	5.6	0	5.3	5.5	.2	4.1	5.0	.9
Gross private domestic fixed investment	3.0	2.5	2.6	.1	1.7	1.5	-.2	.9	1.1	.2
Nonresidential	2.7	2.4	2.6	.2	2.0	1.7	-.3	.8	1.1	.3
Structures	4.2	3.1	3.1	0	1.7	1.4	-.3	.4	.6	.2
Producers' durable equipment	2.0	2.1	2.3	.2	2.1	1.9	-.2	1.1	1.3	.2
Residential	3.4	2.7	2.7	0	1.0	1.1	.1	1.1	1.3	.2
Change in business inventories										
Net exports of goods and services										
Exports	2.4	1.8	1.7	-.1	2.1	2.2	.1	1.1	1.2	.1
Imports	3.0	3.7	3.5	-.2	1.0	1.3	.3	.8	1.2	.4
Government purchases	4.1	4.3	4.3	0	3.5	3.6	.1	2.9	3.4	.5
Federal	4.1	4.6	4.5	-.1	4.0	4.2	.2	4.1	4.5	.4
National defense	3.9	4.8	4.7	-.1	3.8	3.9	.1	4.5	4.9	.4
Nondefense	4.6	4.2	3.8	-.4	4.9	5.2	.3	3.1	3.1	0
State and local	4.1	4.0	4.2	.2	3.1	3.2	.1	1.9	2.5	.6
Addendum:										
Gross domestic purchases	4.5	4.7	4.7	0	3.8	3.9	.1	2.8	3.3	.5

Revisions to components of real GDP.—The annual percent change in PCE was revised up for all 3 years: 0.3 percentage point to 1.5 percent for 1990, 0.2 percentage point to -0.4 percent for 1991, and 0.3 percentage point to 2.6 percent for 1992. For 1990, the upward revisions were to durable goods, nondurable goods, and services. For 1991, the smaller decrease was mainly due to an upward revision to durable goods, which was more than accounted for by furniture and household equipment; a smaller increase in services was partly offsetting. For 1992, the larger increase was mostly due to goods.

The change in nonresidential fixed investment was revised up 1.6 percentage points to an increase of 1.2 percent for 1990, up 1.1 percentage points to a decrease of 5.9 percent for 1991, and was revised little for 1992. The revisions for 1990 and 1991 largely reflected upward revisions to PDE. For 1990, information processing, transportation equipment, and "other equipment" were revised up. For 1991, the smaller decrease mainly reflected revisions to industrial equipment.

The change in residential investment was revised little for 1990, down 0.3 percentage point to -12.9 percent for 1991, and up 3.1 percentage points to 16.3 percent for 1992. The upward revision for 1992 largely reflected revisions to the "improvements" component.

The change in exports of goods and services was revised little for 1990 and 1992 and up 0.6 percentage point to 6.4 percent for 1991. The upward revision for 1991 largely reflected revisions to goods.

The change in imports of goods and services was revised up 0.6 percentage point to 3.6 percent for 1990, down 0.4 percentage point to -0.5 percent for 1991, and down 0.9 percentage point to 8.7 percent for 1992. The revisions for all 3 years reflected current-dollar and price revisions to both goods and services. In goods, the price revisions were mainly to capital goods. In services, the price revisions were mainly to travel and passenger fares (see the section "Changes in methodology").

The change in government purchases was revised up for all 3 years: 0.3 percentage point to 3.1 percent for 1990, 0.3 percentage point to 1.5 percent for 1991, and 0.2 percentage point to -0.1 percent for 1992. The revisions for all 3 years largely reflected revisions to State and local government purchases of structures and of "goods and services other than employee compensation." For 1991, a downward revision to the change in Federal Government purchases, mainly to "services other than compensation of employees," partly offset the upward revision to State and local government purchases.

Quarterly estimates

Quarterly estimates are affected by annual NIPA revisions in three major ways: (1) Adjustments to reflect revisions to the annual estimates, (2) incorporation of new and revised source data (including the updating of seasonal factors that are used to indicate quarterly patterns), and (3) changes in the methodology used to prepare the quarterly estimates.

Table 5.—GDP, Real GDP, the GDP Price Index (Fixed Weights), and the Gross Domestic Purchases Price Index (Fixed Weights): Revisions in Percent Change From Preceding Quarter

[Percent change at annual rates; based on seasonally adjusted annual rates]

	GDP			Real GDP			GDP price index (fixed weights)			Gross domestic purchases price index (fixed weights)		
	Previously published	Revised	Revision	Previously published	Revised	Revision	Previously published	Revised	Revision	Previously published	Revised	Revision
1989:IV	5.1	.....	.....	1.5	.....	.....	3.7	.....	.....	3.9	.....	.....
1990:I	7.7	9.1	1.4	2.8	3.5	.7	5.6	5.8	.2	5.9	6.1	.2
II	5.8	5.9	.1	1.0	1.5	.5	4.6	4.4	-.2	3.8	3.6	-.2
III	2.7	3.1	.4	-1.6	-.9	.7	4.8	4.7	-.1	5.6	5.5	-.1
IV .....	.1	1.0	.9	-3.9	-3.2	.7	4.0	3.8	-.2	5.7	5.7	0
1991:I	1.8	2.4	.6	-3.0	-2.4	.6	4.9	5.1	.2	3.4	3.6	.2
II	5.2	4.8	-.4	1.7	1.5	-.2	3.5	3.4	-.1	2.6	2.5	-.1
III	4.0	4.3	.3	1.2	1.4	.2	2.9	3.4	.5	2.9	3.1	.2
IV	2.8	3.2	.4	.6	.6	0	2.4	2.7	.3	2.6	3.0	.4
1992:I	6.2	7.4	1.2	2.9	3.5	.6	3.4	4.2	.8	2.9	3.9	1.0
II	4.3	5.7	1.4	1.5	2.8	1.3	2.9	3.4	.5	3.2	3.3	.1
III	5.3	4.6	-.7	3.4	3.4	0	2.2	2.5	.3	2.5	3.0	.5
IV	7.1	9.2	2.1	4.7	5.7	1.0	3.4	3.0	-.4	2.9	2.8	-.1
1993:I	4.3	4.4	.1	.7	.8	.1	4.3	4.3	0	3.5	3.5	0
II	4.0	4.2	.2	1.6	1.8	.2	2.6	2.8	.2	2.7	3.0	.3

In general, the quarter-to-quarter patterns of changes in BEA's measures of real output and prices are not markedly different on the revised basis (table 5), but output was clearly stronger in the quarters of 1990 and 1992. For real GDP, the revisions to the 14 quarterly percent changes (at annual rates) averaged 0.5 percentage point (without regard to sign). Only one of the 14 quarters had a downward revision in change (the second quarter of 1991), and two had no revision in change (the fourth quarter of 1991 and the third quarter of 1992). The two largest revisions in change were upward, and both were for 1992: The second quarter was revised up 1.3 percentage points to 2.8 percent, mainly reflecting PCE, and the fourth quarter was revised up 1.0 percentage point to 5.7 percent, mainly reflecting residential fixed investment.

For gross domestic purchases prices, the revisions to the 14 quarterly percent changes (at annual rates) averaged 0.2 percentage point (without regard to sign). For only one quarter was the revision larger than 0.5 percentage point: For the first quarter of 1992, the increase was revised up 1.0 percentage point to 3.9 percent. Sources of this revision were widespread.

The quarterly pattern of changes in disposable personal income (DPI) and related measures was revised substantially beginning with the fourth quarter of 1992. These revisions mainly reflected the incorporation of a larger-than-expected acceleration of bonus payments (see the section "Changes in methodology"). Primarily because of these revisions, the percent change (at an annual rate) in real DPI was revised up from 4.3 percent to 10.6 percent for the fourth quarter of 1992, down from 2.7 percent to -7.8 percent for the first quarter of 1993, and up from 1.3 percent to 5.9 percent for the second quarter of 1993.

Methodology

The revised NIPA estimates incorporate several changes in methodology—either in the source data or in the methods used to prepare the estimates. This section of the article describes these changes and updates previously published tables showing methodologies for current- and constant-dollar GDP.

Changes in methodology

Producers' durable equipment (PDE).—In the previously published PDE estimates for 1988 and 1989, BEA adjusted shipments data from the 1988 and 1989 Annual Surveys of Manufactures

(ASM's) to account for a downward bias that resulted from an incomplete incorporation of new businesses. The adjustments were based on information from the 1987 Census of Manufactures that implied shortfalls in the level of total manufactures' shipments of 0.7 percent for 1988 and 1.4 percent for 1989. In the previously published estimates, BEA had discontinued the adjustment for estimates after 1989 because the Census Bureau improved its mailing list for subsequent ASM's. However, because new Census Bureau studies indicated that the improvements reduced but did not eliminate the bias, BEA has reintroduced the adjustment for the estimates from 1990 forward. These adjustments implied shortfalls in the level of total manufactures' shipments of 1.2 percent for 1990, 1.6 percent for 1991, and 2.0 percent for 1992. For the components of manufactures' shipments used to estimate PDE, the adjustment added \$3.9 billion for 1990, \$5.1 billion for 1991, and \$5.1 billion for 1992.

Price index for multifamily housing.—In the comprehensive revision of the NIPA's that was released in December 1991, a hedonic price index for multifamily housing was used to prepare constant-dollar estimates of this component of residential fixed investment for 1977–89.³ Until this annual revision, the price index for 1990 forward was extrapolated by the Census Bureau price deflator for single-family houses under construction. For the revised estimates, the multifamily price index was updated through 1992, based on regression equations for 1990, 1991, and 1992. The multifamily index is calculated only for annual estimates; for quarterly estimates, the Census Bureau single-family deflator is used as both the interpolator and extrapolator.

U.S. balance of payments accounts revisions.—The BPA's provide the basis for the foreign transactions entries in the NIPA's. (Differences between the BPA's and the NIPA's are identified in NIPA table 4.5 in this issue of the SURVEY.) In this year's annual BPA revision, BEA incorporated newly available data from regular sources and introduced a number of major improvements that involve new source data and new estimating methodologies. (For a description of the annual BPA revision, see "U.S. International Transactions, Revised Estimates for 1983–92" in the June 1993 SURVEY.)

3. For a summary description of the index, see "The Comprehensive Revision of the U.S. National Income and Product Accounts: A Review of Revisions and Major Statistical Changes," SURVEY 71 (December 1991): 40. For additional detail, see Frank de Leeuw, "A Price Index for New Multifamily Housing," SURVEY 73 (February 1993): 33–42.

The effects of the BPA methodological changes on the components of GDP were small. The change that provides improved estimates of foreign air carriers' expenses incurred in the United States had the largest effect; it reduced exports of other transportation services by \$1.9 billion for 1992. This reduction in exports of services was partly offset by the effect of another methodological change, the inclusion of late reporters in the estimation of net "other private service receipts by U.S. parents from their foreign affiliates"; this change increased exports of "other private services" by \$1.1 billion for 1992.

Changes in BPA methodology that affected receipts of factor income included the incorporation of the 1989 benchmark survey of U.S. direct investment abroad, which added \$1.3 billion for 1992, and the incorporation of new source data on foreign commercial paper and certificates of deposit, which added \$1.5 billion. Changes in methodology that affected payments of factor income included the incorporation of new data sources for interest payments on U.S. corporate bonds and U.S. Treasury securities, which added \$3.9 billion for 1992; the new data sources included results from the U.S. Treasury Department's benchmark survey of foreign portfolio investment in the United States for 1989.

Because this annual NIPA revision—as usual—covered only 3 years, the BPA revisions were brought into the NIPA's at the best level beginning

with the estimates for 1990; the estimates for earlier years were not revised. As a result, there are discontinuities in the NIPA estimates. The extent of these discontinuities between 1989 and 1990 is quantified in table 6. For net exports of goods and services, the discontinuities are small; the change in GDP from 1989 to 1990 is understated by \$0.3 billion. For net receipts of factor income, the discontinuities are also small; the change in GNP from 1989 to 1990 is overstated by \$0.2 billion. However, the discontinuities in receipts and in payments of factor income, mainly in interest flows, are more substantial: The change in NIPA receipts of factor income from 1989 to 1990 is overstated by \$4.2 billion, and the change in NIPA payments of factor income is overstated by \$3.7 billion. (Revisions to the NIPA's for years prior to 1990 will be made in the next comprehensive NIPA revision.)

Deflation of net exports.—Several changes in the prices used for the deflation of net exports of services are introduced with this annual revision. The prices used to deflate exports and imports of air passenger fares are affected by two modifications in the way BEA uses BLS price indexes for these fares. Rapid changes in air passenger fares in recent years have made the BLS indexes, which are based on fares for a single week of the quarter (specifically, the first week of the third month of the quarter), less representative of the average quarterly fare; as a result, beginning with

Table 6.—Discontinuities in NIPA Foreign Transactions: 1989–90

[Billions of dollars]

	1989			1990	Change, 1989 to 1990	
	Published	Discontinuity ¹	Adjusted		Published	Adjusted
Net exports of goods and services	-79.7	-0.6	-80.3	-71.4	8.3	8.9
Exports	508.0	.1	508.1	557.1	49.1	49.0
Merchandise	371.6	.4	372.0	398.7	27.1	26.7
Services	136.4	-.3	136.1	158.4	22.0	22.3
Imports	587.7	.7	588.4	628.5	40.8	40.1
Merchandise	485.1	0	485.1	509.0	23.9	23.9
Services	102.6	.7	103.3	119.5	16.9	16.2
Net receipts of factor income	16.0	.5	16.5	21.7	5.7	5.2
Receipts	157.5	4.2	161.7	168.6	11.1	6.9
Corporate profits	66.7	1.0	67.7	71.4	4.7	3.7
Net interest	89.9	3.2	93.1	96.3	6.4	3.2
Compensation of employees .....	.9	0	.9	.9	0	0
Payments	141.5	3.7	145.3	146.9	5.4	1.6
Corporate profits	7.3	-.3	7.0	3.4	-3.9	-3.6
Net interest	133.2	4.1	137.3	142.3	9.1	5.0
Compensation of employees	1.0	0	1.0	1.1	.1	.1
Transfer payments to rest of the world (net)	25.6	.4	26.0	28.8	3.2	2.8
Addenda:						
Personal consumption expenditures	3,523.1	.3	3,523.4	3,761.2	238.1	237.8
GDP	5,250.8	-.3	5,250.5	5,546.1	295.3	295.6
GNP	5,266.8	.2	5,267.0	5,567.8	301.0	300.8

1. Equals the revisions to the U.S. balance of payments accounts that have not been carried back in the NIPA's at this time.

1990, this revision introduces a two-quarter moving average of the BLS indexes. In addition, the BLS indexes are now seasonally adjusted.

Also beginning with 1990, the implicit price deflator for final sales to domestic purchasers is used to deflate exports and imports of royalties and license fees, exports and imports of other private services, and BEA's territorial adjustments to exports and imports of services. Previously, these components were deflated using the GDP implicit price deflator.

Beginning with the first quarter of 1993, the BEA composite index of foreign country consumer price indexes, adjusted for changes in exchange rates and weighted by country of destination, is used to deflate the "final" current quarterly estimates of the imports of travel services. Previously, this index was available only for annual revisions, and the current quarterly estimates were deflated with an index of foreign exchange rates. (For the "advance" and "preliminary" quarterly estimates of GDP, judgmental extrapolation will be used.)

Wage and salary accruals.—The methodology for estimating annual wage and salary accruals (a component of national income) was changed for 1992 to reflect the large amount of bonuses paid in 1992. For previous years, the revised estimates for wage and salary accruals and the revised estimates of wage and salary disbursements (a component of personal income) reflected the incorporation of BLS tabulations of wages and salaries paid to employees covered by State unemployment insurance (UI). These tabulations were used for both wage and salary series because BEA assumed either that (1) all wages earned during the year are paid during the same year or that (2) the amount of wages earned during a year and paid the next year is the same from year to year.

In early 1993, reports indicated that bonus payments earned by many employees in the securities industry in 1992 that typically would have been paid in early 1993 had instead been paid in late 1992. Because of the assumption that most of the bonuses earned in 1991 had been paid in early 1992, the acceleration created an imbalance between the accruals and disbursements series for 1992 and potentially for 1993. BEA took this fragmentary information into account in preparing the initial estimates for the fourth quarter of 1992; at that time, BEA estimated that \$1.5 billion in bonus payments had been accelerated and increased fourth-quarter wage and salary disbursements by \$6 billion (the \$1.5 billion at an annual rate). This adjustment was necessary be-

cause the source data used to prepare the current quarterly wage and salary estimates—the employment, average weekly hours, and average hourly earnings from the BLS establishment survey—do not cover these types of bonus payments.

In June 1993, BEA received fourth-quarter 1992 UI tabulations, which cover all bonus payments. These UI data showed a substantially larger-than-expected increase in wage and salary disbursements. In addition, collections of personal income taxes showed an unusually strong increase at the end of 1992. To determine the cause of the large fourth-quarter increase in the UI data, BEA analyzed the quarterly tabulations for 1982–92 and concluded that about \$20.0 billion of the fourth-quarter 1992 increase—\$18.5 billion more than originally estimated—reflected an acceleration of bonus payments from early 1993. Consequently, the revised 1992 estimate of wage and salary accruals is based on wages and salaries from the UI tabulations that are adjusted to exclude the \$20 billion in accelerated bonus payments.

Until June 1994, BEA will receive no regular source data to indicate whether the acceleration of bonus payments that occurred in December 1992 will occur again in December 1993. For the 1993 estimates of wage and salary disbursements, BEA is assuming that the acceleration of bonus payments in 1992 was unusual. Next June, when the UI tabulations for the fourth quarter of 1993 become available, BEA will reassess this assumption.

Mortgage interest.—Annual and quarterly estimates of the mortgage interest component of net interest and of the deduction for mortgage interest used in deriving rental income of persons are estimated through the first quarter of 1993 using the product of mortgage debt outstanding, which is based on Federal Reserve Board data, and a BEA estimate of the *effective* rate of interest on mortgage debt. (These data are not available for the "advance" and "preliminary" quarterly estimates.) The result is then used to extrapolate a benchmark estimate of mortgage interest paid based on data from the Census Bureau decennial survey of residential finance.

In last year's annual NIPA revision, a new procedure was introduced for estimating the effective rate of interest.⁴ This procedure for the first time accounted for prepayments of all types of residential mortgages, but it was based on data

4. See "Annual Revision of the U.S. National Income and Product Accounts," SURVEY 72 (July 1992): 22–23.

that reflected only the prepayment pattern of mortgages insured by the Federal Housing Administration (FHA). In this year's annual revision, the FHA data are replaced with prepayments data from an industry source that are representative of all types of mortgages.

Imputed interest paid by life insurance carriers.

—The revised estimates of net interest reflect a change in the source data used for estimating imputed interest paid by life insurance carriers, which is defined as their property income—that is, net monetary interest received plus dividends less monetary interest paid to policyholders. In the revised estimates for 1990 and 1991, monetary interest received by life insurance carriers—the largest component of their property income—is based on interest receipts from tabulations of income statements for life insurance carriers prepared by the American Council of Life Insurance. Previously, these estimates had been based on IRS tabulations of corporate tax return data on interest receipts for corporations classified as life insurance carriers. This change came about because in last year's and this year's annual revisions, the IRS tabulations of interest receipts have been unreasonably low, probably due to industry classification problems in the data.⁵ (The estimates for the latest full year—in this case, 1992—continue to be based on Federal Reserve Board flow-of-funds accounts assets data and corresponding interest rates estimated by BEA.)

Updated summary methodologies

Table 7 identifies the principal source data and estimating methods used to prepare the current-dollar estimates of the product- and income-side components of GDP, and **table 8** identifies the principal source data and estimating methods used to prepare the constant-dollar estimates of the product-side components. These tables have been updated to reflect the methodological changes introduced in this annual NIPA revision.

Current-dollar estimates of GDP.—The components in **table 7** are as shown in the national income and product account (see **table A**, account 1), starting on the product side and proceeding to the income side. The subcomponents in **table 7**, with their 1992 dollar values, are grouped

according to the methodology used to prepare them.

The column in **table 7** for annual estimates covers the several annual estimates in the estimating cycle; the major differences in methodology as the estimates move through the three annual revisions to a benchmark revision are few enough to condense into the table. For example, for most goods in PCE (the first item on the product side), the table indicates one methodology for benchmark years and another for all other years.

The column for the quarterly estimates is a condensation in two respects. First, it refers to the advance estimate for the current quarter—that is, the estimate prepared in the first month following the end of the quarter. That one estimate, rather than all three of the current quarterly estimates, is described because more attention focuses on the “first look” at the quarter. Second, even for the advance estimate, the column does not detail how many months of source data are available nor whether the data are subject to revision by the source agency.

Table 7 lists source data representing a variety of different economic measures—wages and salaries, premiums, expenses, interest rates, mortgage debt, tax collections, unit sales, housing stock, employment, and average price, to name a few. For most components, the source data are “value data”; that is, they embody both the quantity and price dimensions that are required for current-dollar estimates. In these cases, the methodology indicated in **table 7** is the adjustment of the value data to derive estimates consistent with NIPA definitions and coverage.

When value data are not used in preparing an estimate, the table indicates the combination of data with separate quantity and price dimensions that is used to derive the required value estimate (as well as any major adjustments needed to derive estimates consistent with NIPA definitions and coverage). On the product side, a “physical quantity times price” method is used for several components. For example, the estimate for new autos is prepared as unit sales times average list price. An “employment times earnings times hours” method and variations of a “stock of assets/liabilities times an interest rate” method also are used for several components.

Some of the source data shown in **table 7** for the annual estimates are used to interpolate and extrapolate the levels established by source data that are viewed as final, and all of the source data shown for the advance quarterly estimates are used to extrapolate the level of the preceding

5. In the IRS data, some life insurance carriers are classified in the casualty insurance industry and others are classified in industries not related to insurance because the IRS information is based on the filing of consolidated tax returns.

quarter. In addition to using indicator series, as is the case when specific source data are listed in the table, extrapolation and interpolation may be based on trends, as is the case when “judgmental trend” is listed in the table.⁶

Constant-dollar estimates of GDP.—Table 8 shows which of three methods is used to prepare constant-dollar estimates and indicates the source data with which it is implemented.⁷ The method used for most of GDP is deflation. In defla-

6. Extrapolation is a method of extending estimates from one period forward (or backward) in time to other periods. In simple terms, extrapolation applies a percent change—either the percent change in the indicator series or the percent change in the trend—to the level of the preceding (following) period. Interpolation is a method of filling in estimates between two periods. Interpolation applies a more complex mathematical formula—there are several in use—to preserve the pattern of the indicator series consistent with the level of the source data viewed as final.

7. With few exceptions, BEA does not prepare constant-dollar estimates of income measures because, unlike product measures, price indexes cannot be associated with them. Three exceptions are disposable personal income and, as presented in the “Business Cycle Indicators” section of the SURVEY, personal income and corporate profits. In these cases, the estimates are adjusted for price change by reference to the prices of the goods and services on which the income is spent. BEA derives constant-dollar net national product and national income by preparing constant-dollar estimates of consumption of fixed capital and of the nonfactor incomes and then subtracting these estimates from constant-dollar GNP.

tion, constant-dollar estimates are obtained by dividing the most detailed current-dollar components by appropriate price indexes, with the base period—at present, the year 1987—equal to 100.

The other two methods, quantity extrapolation and direct base-year valuation, are similar to each other in that they both use quantity data. For quantity extrapolation, constant-dollar estimates are obtained by extrapolating the base-year current-dollar estimates in both directions from the base period (1987) by the quantity indicators. For direct base-year valuation, constant-dollar estimates are obtained by multiplying base-year prices by actual quantity data for each period.

The subcomponents in table 8 are the same as those shown in table 7, except where more detail is needed to highlight differences in methodology for constant-dollar estimates. For table 8, the distinction between annual and quarterly methodology is far less important than it is for the current-dollar methodology, and major differences between the annual and quarterly source data are noted within the individual entries.


Tables 7 and 8 and Appendix A follow. 

Table 7.—Principal Source Data and Estimating Methods Used in Preparing Current-Dollar Estimates of GDP

Component (billions of dollars)	Subcomponent (billions of dollars)	Annual estimates: Source data and methods used to determine level for benchmark and other final years or, for other years, used to prepare an extrapolator or interpolator	Advance quarterly estimates: Source data and methods used to prepare an extrapolator
Product side (GDP of \$6,038.5 billion in 1992)			
Personal consumption expenditures (\$4,139.9)	Durable and nondurable goods: (\$1,798.3) ¹		
	Most goods (goods except subcomponents listed separately) (\$1,507.4)	Benchmark years—Commodity-flow method, starting with manufacturers' shipments from Census Bureau quinquennial census and including an adjustment for exports and imports from Census Bureau merchandise trade. Other years—Retail-control method, using retail trade sales from Census Bureau annual survey or, for most recent year, monthly survey of retail trade.	Same as annual for most recent year.
	New autos (\$87.3)	Physical quantity purchased times average retail price: Unit sales, information with which to allocate sales among consumers and other purchasers, and average list prices, all from trade sources.	Same as annual.
	Net purchases of used autos (\$39.5)	Benchmark years—For net transactions, change in the consumer stock of autos from trade sources. For dealers' margin, retail sales from Census Bureau quinquennial census and margin rate from Census Bureau annual survey of retail trade. Other years except most recent—For net transactions, same as benchmark. For dealers' margin, franchised dealers' unit sales times sales price, both from trade sources, times margin rate for independent dealers from Census Bureau annual survey; independent dealers' margin from Census Bureau annual survey. Most recent year—For net transactions, same as benchmark. For dealers' margin, for franchised dealers, unit sales and sales price from trade sources; for independent dealers, sales from Census Bureau monthly survey of retail trade.	For net transactions, residual based on net sales by other sectors. For dealers' margin, unit sales of franchised dealers from trade source and sales price from Bureau of Labor Statistics consumer price index for used cars.
	New trucks (\$43.3)	Benchmark years—Commodity-flow method, starting with manufacturers' shipments from Census Bureau quinquennial census and including an adjustment for exports and imports from Census Bureau merchandise trade. Other years except most recent—Abbreviated commodity-flow method, starting with manufacturers' shipments from Census Bureau annual survey and including an adjustment for exports and imports from Census Bureau merchandise trade. Most recent year—Physical quantity purchased times average retail price: Unit sales and information with which to allocate sales among consumers and other purchasers from trade sources and average price based on Bureau of Labor Statistics consumer price index for new trucks.	Same as annual for most recent year.
	Gasoline and oil ² (\$103.4)	Benchmark years—Physical quantity purchased times average retail price: Gallons consumed from the Dept. of Transportation, information with which to allocate that total among consumers and other purchasers from Federal agencies and trade sources, and average retail price from Census Bureau quinquennial census. Years except most recent—Same as benchmark years, except average retail price from the Energy Information Admin. Most recent year—Physical quantity purchased times average retail price: Gallons consumed and average price both from the Energy Information Admin.	Same as annual for most recent year.

Table 7.—Principal Source Data and Estimating Methods Used in Preparing Current-Dollar Estimates of GDP—Continued

Component (billions of dollars)	Subcomponent (billions of dollars)	Annual estimates: Source data and methods used to determine level for benchmark and other final years or, for other years, used to prepare an extrapolator or interpolator	Advance quarterly estimates: Source data and methods used to prepare an extrapolator
Product side (GDP of \$6,038.5 billion in 1992)—Continued			
Personal consumption expenditures—Continued	Durable and nondurable goods—Continued		
	Food furnished to employees (including military) (\$11.7)	Benchmark years—For commercial employees, number of employees of appropriate industries from Bureau of Labor Statistics tabulations times BEA estimate of per capita expenditures for food; for military personnel, outlays from the <i>Budget of the United States</i> prepared by the Office of Management and Budget. Years other than benchmark years—Same as benchmark years, except per capita expenditures for food based on Bureau of Labor Statistics consumer price index for food.	For commercial employees, same as annual for years other than benchmark years; for military personnel, judgmental trend.
	Expenditures abroad by U.S. residents (\$3.2) less personal remittances in kind to nonresidents (\$0.6)	Estimated as part of the balance of payments; see the entry for service exports and imports, net, under net exports of goods and services.	Judgmental trend.
	Services: (\$2,341.6)		
	Nonfarm dwellings—space rent for owner-occupied and rent for tenant-occupied (\$571.6)	Benchmark years—Based on data on housing stock and average annual rent from Census Bureau decennial census of housing and survey of residential finance. Other years—Based on data on housing stock and average annual rent from the Census Bureau biennial housing survey or on the number of households from Census Bureau monthly current population survey and Bureau of Labor Statistics consumer price indexes for rent.	Same as annual: For housing stock, judgmental trend; for average rent, Bureau of Labor Statistics consumer price indexes for rent.
	Rental value of farm dwellings (\$5.3)	Benchmark years—Based on data on housing stock and average annual rent from Census Bureau quinquennial census and decennial census of housing and survey of residential finance. Other years—Based on data on net value of farm housing stock from BEA capital stock series.	Judgmental trend.
	Motor vehicle and other repair, other purchased intercity transportation, legal and funeral services, barbershops and beauty parlors, nursing homes, laundries, employment agency fees, accounting and tax return preparation services, recreation (except video cassette rentals, cable TV, casino gambling, parimutuel net receipts, and lotteries), hotels and motels, and other education and research (\$382.9)	Benchmark years—Receipts and expenses from Census Bureau quinquennial census adjusted for receipts from business and governments. Other years—Receipts, for spectator sports from trade sources, for legitimate theaters and other education and research from tabulations of wages and salaries of employees covered by State unemployment insurance from the Bureau of Labor Statistics, for others in this group from Census Bureau service annual survey.	For nursing homes, other education and research, employment agency fees, and clubs and fraternal organizations, wages and salaries derived from Bureau of Labor Statistics monthly employment times earnings times hours; for legitimate theaters and motion pictures, receipts from trade sources; for radio and TV repair, number of TV's based on stock and sales from trade source times Bureau of Labor Statistics consumer price index for appliance and furniture repair; for others in this group, judgmental trend.

Table 7.—Principal Source Data and Estimating Methods Used in Preparing Current-Dollar Estimates of GDP—Continued

Component (billions of dollars)	Subcomponent (billions of dollars)	Annual estimates: Source data and methods used to determine level for benchmark and other final years or, for other years, used to prepare an extrapolator or interpolator	Advance quarterly estimates: Source data and methods used to prepare an extrapolator
Product side (GDP of \$6,038.5 billion in 1992)—Continued			
Personal consumption expenditures—Continued	Services—Continued		
	Physicians, dentists, and other professional medical services (\$258.7)	Benchmark years—For nonprofit professional services, expenses; for others in this group, receipts, adjusted for government purchases, from Census Bureau quinquennial census. Other years—Receipts and revenues, adjusted for government purchases, from Census Bureau service annual survey.	For physicians and dentists, judgmental trend; for other professional medical services, wages and salaries derived from Bureau of Labor Statistics monthly employment times earnings times hours.
	Private nursery, elementary, and secondary schools, day care, welfare activities, and trade unions and professional associations (\$115.0)	Benchmark years—For religious-affiliated schools, enrollment from the Dept. of Education times BEA estimate of average expenditures per pupil; for nursery schools and day care, expenditures from Bureau of Labor Statistics consumer expenditure survey; for others in this group, receipts and expenses from Census Bureau quinquennial census. Other years except most recent—For nursery schools and day care, same as benchmark years; for others in this group, annual tabulations of wages and salaries of employees covered by State unemployment insurance from the Bureau of Labor Statistics. Most recent year—For nursery schools and day care, judgmental trend; for others in this group, tabulations of wages and salaries of employees covered by State unemployment insurance from the Bureau of Labor Statistics.	For political organizations and foundations, judgmental trend; for others in this group, wages and salaries derived from Bureau of Labor Statistics monthly employment times earnings times hours.
	Financial services furnished without payment by banks, credit agencies, and investment companies ³ (\$145.9)	See entry for net interest: Imputed—banks, credit agencies, and investment companies.	Judgmental trend.
	Brokerage charges and investment counseling, bank service charges, intercity transportation except other, and private higher education (\$111.5)	Years except most recent—For private higher education, expenses, and for others in this group, receipts, all from annual reports of government administrative agencies. Most recent year—For brokerage and bank service charges and intercity transportation, receipts from reports of government administrative agencies; for private higher education, enrollment from the Dept. of Education times price index for higher education from trade source.	For stock brokerage charges, stock exchange transactions from trade sources; for income from sale of investment company securities, sales of open-end investment company shares from trade source; for other brokerage charges and investment counseling and for bank service charges, judgmental trend; for intercity transportation, receipts from trade sources; for private higher education, wages and salaries derived from Bureau of Labor Statistics monthly employment times earnings times hours.

See footnotes at end of table.

Table 7.—Principal Source Data and Estimating Methods Used in Preparing Current-Dollar Estimates of GDP—Continued

Component (billions of dollars)	Subcomponent (billions of dollars)	Annual estimates: Source data and methods used to determine level for benchmark and other final years or, for other years, used to prepare an extrapolator or interpolator	Advance quarterly estimates: Source data and methods used to prepare an extrapolator
Product side (GDP of \$6,038.5 billion in 1992)—Continued			
Personal consumption expenditures—Continued	Services—Continued		
	Domestic services (\$10.8)	Benchmark years—For cleaning services, receipts from Census Bureau quinquennial census; for other domestic services, number of workers times weekly hours times earnings from the Bureau of Labor Statistics. Other years—Number of workers times weekly hours times earnings from the Bureau of Labor Statistics.	Judgmental trend.
	Public higher education and hospitals, water and other sanitary services, and lotteries (\$116.0)	Years except most recent—For lotteries, net receipts from Census Bureau quinquennial census and annual surveys of State and local governments, adjusted to a calendar year basis from a fiscal year basis; for others in this group, receipts from the same sources. Most recent year—Judgmental trend.	Same as annual for most recent year.
	Insurance, private hospitals, religious activities, cable TV, utilities, and local transport (\$590.7)	Years except most recent—For life insurance, expenses from trade sources; for insurance other than life insurance, premiums and benefits from trade sources; for private hospitals, receipts and expenses from Census Bureau quinquennial census (benchmark year), expenses from trade sources (other years); for religious activities, expenses based on contributions and membership from trade sources; for cable TV and utilities, receipts from government agencies and trade sources; for local transport, receipts from trade source. Most recent year—For life insurance, tabulations of wages and salaries of employees covered by State unemployment insurance from the Bureau of Labor Statistics; for insurance other than life insurance, judgmental trend; for religious activities, expenses based on population from the Census Bureau and per capita disposable personal income from BEA; for local transport, passenger trips from trade source times Bureau of Labor Statistics consumer price index for intracity mass transit; for others in this group, same as other years.	For life insurance, hospitals, and religious activities, wages and salaries derived from Bureau of Labor Statistics monthly employment times earnings times hours; for electricity and gas, projected quantities based on degree day data from the National Oceanic and Atmospheric Admin. times price based on Bureau of Labor Statistics consumer price indexes for utilities; for others in this group, judgmental trend.
	Foreign travel by U.S. residents (\$38.9) less expenditures in the United States by nonresidents (\$63.9)	Estimated as part of the balance of payments; see the entry for service exports and imports, net, under net exports of goods and services.	Same as annual.
	Other services: Video cassette rentals, casino gambling, and parimutuel net receipts; other housing except hotels and motels; bridge, etc., tolls; other household operation except repairs and insurance; travel and entertainment card fees; stenographic and reproduction services; and money orders and classified advertising (\$58.2)	Various source data.	For casino gambling, receipts from State agency; for others in this group, judgmental trend.

Table 7.—Principal Source Data and Estimating Methods Used in Preparing Current-Dollar Estimates of GDP—Continued

Component (billions of dollars)	Subcomponent (billions of dollars)	Annual estimates: Source data and methods used to determine level for benchmark and other final years or, for other years, used to prepare an extrapolator or interpolator	Advance quarterly estimates: Source data and methods used to prepare an extrapolator
Product side (GDP of \$6,038.5 billion in 1992)—Continued			
Fixed Investment (\$789.1)	Nonresidential structures: (\$172.6) ⁴		
	Utilities: Telecommunications (\$9.1)	Value put in place from Census Bureau monthly construction survey.	Same as annual.
	Utilities: Other (\$26.7)	Expenditures from Federal regulatory agencies and trade sources.	Judgmental trend.
	Mining exploration, shafts, and wells (\$12.4)	Benchmark years—Expenditures from Census Bureau quinquennial census. Other years—For petroleum and natural gas, physical quantity times average price: Footage drilled and cost per foot from trade sources; for other mining, expenditures from Census Bureau plant and equipment survey.	Same as annual for years other than benchmark years.
	Other nonfarm buildings and structures (\$122.6)	Benchmark years—Contract construction receipts for new construction and architectural and engineering fees from Census Bureau quinquennial censuses, and BEA estimates of force-account construction from a variety of sources. Other years—Value put in place from Census Bureau monthly construction survey.	Same as annual for years other than benchmark years.
	Farm buildings (\$2.2)	Expenditures for new construction from Dept. of Agriculture surveys.	Judgmental trend of value put in place from the Census Bureau.
	Nonresidential producers' durable equipment: (\$392.9)		
	Equipment except autos (\$355.3)	Benchmark years—Commodity-flow method, starting with manufacturers' shipments from Census Bureau quinquennial census and including an adjustment for exports and imports from Census Bureau merchandise trade. Other years—Abbreviated commodity-flow method, starting with manufacturers' shipments from Census Bureau annual survey or, for most recent year (except aircraft and trucks), monthly survey of manufactures and including an adjustment for exports and imports from Census Bureau merchandise trade. For aircraft, manufacturers' shipments from Census Bureau current industrial report. For trucks, domestic and North American imports, physical quantity purchased times average retail price: Unit sales and information with which to allocate sales among business and other purchasers from trade sources and average price based on Bureau of Labor Statistics producer price indexes; imports other than North American, from Census Bureau merchandise trade; truck trailers, shipments from Census Bureau current industrial report.	For trucks, see entry for personal consumption expenditures; for others in this group, same as annual for years other than benchmark years but with less detail.
	New and used autos (\$37.6)	For new autos, see entry for personal consumption expenditures; for used autos, change in business stock of autos at least 1 year old from trade source.	For new autos, same as annual; for used autos, judgmental trend.

See footnotes at end of table.

Table 7.—Principal Source Data and Estimating Methods Used in Preparing Current-Dollar Estimates of GDP—Continued

Component (billions of dollars)	Subcomponent (billions of dollars)	Annual estimates: Source data and methods used to determine level for benchmark and other final years or, for other years, used to prepare an extrapolator or interpolator	Advance quarterly estimates: Source data and methods used to prepare an extrapolator
Product side (GDP of \$6,038.5 billion in 1992)—Continued			
Fixed investment—Continued	Residential investment: (\$223.6) ⁵		
	Permanent-site new single-family housing units (\$116.5)	Value put in place based on phased housing starts and average construction cost from Census Bureau monthly construction surveys.	Same as annual.
	Permanent-site new multifamily housing units (\$13.1)	Value put in place from Census Bureau monthly construction survey.	Same as annual.
	Mobile homes (\$5.7)	Benchmark years—See entry for equipment except autos under nonresidential producers' durable equipment. Other years—Physical quantity shipped times price: Shipments from trade sources and average retail price from Census Bureau monthly survey.	Same as annual for years other than benchmark years.
	Improvements (\$58.2)	Expenditures by owner-occupants from Bureau of Labor Statistics quarterly consumer expenditure survey and by landlords from Census Bureau quarterly survey of landlords.	Judgmental trend.
	Brokers' commissions (\$24.5)	Physical quantity times price times average commission rate: Number of single-family houses sold, mean sales price, and commission rates from Census Bureau monthly construction survey and trade sources.	Same as annual.
	Producers' durable equipment (\$7.3)	See entry for most goods for personal consumption expenditures.	Same as annual.

See footnotes at end of table.

Table 7.—Principal Source Data and Estimating Methods Used in Preparing Current-Dollar Estimates of GDP—Continued

Component (billions of dollars)	Subcomponent (billions of dollars)	Annual estimates: Source data and methods used to determine level for benchmark and other final years or, for other years, used to prepare an extrapolator or interpolator	Advance quarterly estimates: Source data and methods used to prepare an extrapolator
Product side (GDP of \$6,038.5 billion in 1992)—Continued			
Change in business inventories (\$7.3)	Manufacturing and trade (\$2.5)	Benchmark years—Inventories from Census Bureau quinquennial censuses revalued (in effect, by the calculation of the IVA ⁶) to current replacement cost, using information on the proportions of inventories reported with different accounting methods, the commodity composition of goods held in inventory, and the turnover period, all from Census Bureau quinquennial censuses and surveys, combined with cost of goods held in inventory, largely Bureau of Labor Statistics producer price indexes. Other years—For petroleum bulk stations, physical quantities times price: Monthly quantities and prices from the Energy Information Admin.; for retail auto dealers for the most recent year, quantities times average prices from trade sources; for all other except nonmerchant wholesale trade, inventories from Census Bureau annual surveys or, for the most recent year, monthly surveys, revalued as described above; for nonmerchant wholesale trade, judgmental trend.	Same as annual for most recent year.
	Other nonfarm industries (-\$0.2)	Inventories revalued to current replacement cost (except when noted as physical quantity times price) as described for manufacturing and trade: For years except most recent, Internal Revenue Service tabulations of business tax returns; for the most recent year, Census Bureau quarterly survey of corporations for mining, monthly quantities from the Energy Information Admin. combined with Bureau of Labor Statistics producer price indexes for electric utilities, and judgmental trend for all others.	For electric utilities, same as annual for the most recent year; for all others, judgmental trend.
	Farm (\$5.0)	Physical quantities times current prices from Dept. of Agriculture surveys.	Judgmental projection by BEA and the Dept. of Agriculture.
Net exports of goods and services (-\$29.6)	Merchandise exports and imports, net (-\$95.8)	Estimated as part of the balance of payments: Import and export documents compiled monthly by the Census Bureau with adjustments by BEA for coverage and valuation to put the data on a balance-of-payments basis. Adjusted for NIPA coverage of U.S. territories and Puerto Rico with data from the Commonwealth of Puerto Rico and the U.S. Virgin Islands, and coverage of gold with data from the Bureau of Mines and the Bureau of the Mint.	For territorial adjustment, judgmental trend; for all others, same as annual.
	Service exports and imports, net (\$66.2)	Estimated as part of the balance of payments: For government transactions, reports by Federal agencies on their purchases and sales abroad; for most others in this group (including travel, passenger fares, other transportation, and royalties and license fees), BEA quarterly or annual surveys (supplemented with data from other sources). Adjusted for NIPA coverage of U.S. territories and Puerto Rico, see entry above, and to include financial services furnished without payment, see entry for net interest: Imputed—banks, credit agencies, and investment companies.	For territorial adjustment, judgmental trend; for all others, same as annual.

See footnotes at end of table.

Table 7.—Principal Source Data and Estimating Methods Used in Preparing Current-Dollar Estimates of GDP—Continued

Component (billions of dollars)	Subcomponent (billions of dollars)	Annual estimates: Source data and methods used to determine level for benchmark and other final years or, for other years, used to prepare an extrapolator or interpolator	Advance quarterly estimates: Source data and methods used to prepare an extrapolator
Product side (GDP of \$6,038.5 billion in 1992)—Continued			
Government purchases (\$1,131.8)	Federal national defense (\$313.8)	Within a control total established by the fiscal year analysis: For compensation, military wages from the <i>Budget of the United States</i> prepared by the Office of Management and Budget, civilian wages and benefits from the Office of Personnel Management, and employer contributions for social insurance mainly from outlays from <i>Monthly Treasury Statement</i> ; for purchases by type, one of three methods, based mainly on data from Dept. of Defense reports: (1) Physical quantity delivered times price paid; (2) by category, the ratio of funds for purchases not estimated by method (1) to total funds times disbursements; and (3) mainly disbursements.	For components of compensation, employment from the Dept. of Defense, outlays from <i>Monthly Treasury Statement</i> , and judgmental trend; for other, same methods as annual, with partial data for (1) and outlays from <i>Monthly Treasury Statement</i> and judgmental trend for (2) and (3).
	Federal nondefense (\$135.0)	Within a control total established by the fiscal year analysis: For net purchases of agricultural commodities by the Commodity Credit Corporation, book values of acquisitions and physical quantities of dispositions from agency reports times average market prices from the Dept. of Agriculture; for financial services furnished without payment, see entry for net interest: Imputed—banks, credit agencies, and investment companies; for compensation, civilian wages and benefits from the Office of Personnel Management and employer contributions for social insurance mainly from outlays from <i>Monthly Treasury Statement</i> ; for construction, value put in place from Census Bureau monthly construction survey; for all other, outlays from <i>Monthly Treasury Statement</i> .	For components of compensation, outlays from <i>Monthly Treasury Statement</i> and judgmental trend; for other, same as annual.
	State and local compensation (\$457.3)	For wages and salaries, mainly tabulations of wages and salaries of employees covered by State unemployment insurance from the Bureau of Labor Statistics; for employer contributions for social insurance, tabulations from the Social Security Admin. and other agencies administering social insurance programs, and Census Bureau surveys of State and local government retirement funds; for other labor income, trade sources, Health Care Financing Admin., and Census Bureau surveys of State and local governments.	For wages and salaries, employment from Bureau of Labor Statistics monthly employment times earnings from judgmental trend; for other compensation, judgmental trend.
	State and local structures (\$99.8)	Benchmark years—See entry for other nonfarm buildings and structures for fixed investment, nonresidential structures. Other years except most recent—Expenditures data from Census Bureau quinquennial censuses and annual surveys of these governments. Most recent year—Value of construction put in place from Census Bureau monthly construction survey.	Same as annual for most recent year.
	State and local brokerage charges and financial services furnished without payment (\$8.7)	See entries for personal consumption expenditures for services.	See entries for personal consumption expenditures for services.
	State and local other than compensation, structures, and brokerage charges and financial services furnished without payment (\$117.2)	Years except most recent—Total expenditures from Census Bureau quinquennial censuses and annual surveys of these governments, selectively replaced with source data that are more appropriate for the NIPA's and adjusted as follows: For coverage; for netting and grossing differences; and to a calendar year basis from a fiscal year basis and for other timing differences; to exclude interest, subsidies, net expenditures of government enterprises, and transfer payments; and to exclude compensation and structures. Most recent year—Judgmental trend.	Same as annual for most recent year.

Table 7.—Principal Source Data and Estimating Methods Used in Preparing Current-Dollar Estimates of GDP—Continued

Component (billions of dollars)	Subcomponent (billions of dollars)	Annual estimates: Source data and methods used to determine level for benchmark and other final years or, for other years, used to prepare an extrapolator or interpolator	Advance quarterly estimates: Source data and methods used to prepare an extrapolator
Income side (Gross national income of \$6,022.2 billion in 1992)			
Compensation of employees⁷ (\$3,582.0)	Wages and salaries: Private industries (\$2,385.6)	For most, annual tabulations of wages and salaries of employees covered by State unemployment insurance from the Bureau of Labor Statistics; for remainder, wages from a variety of sources (such as the Dept. of Agriculture for farms and the Railroad Retirement Board for railroad transportation) and indirect estimation for only a few cases (such as a percentage of revenues for tips not reported as wages).	For most, wages and salaries derived, by industry, from Bureau of Labor Statistics monthly employment times earnings times hours; for others, judgmental trend.
	Wages and salaries: Federal government (\$174.8)	For civilians, wages from the Office of Personnel Management; for military personnel, wages from the <i>Budget of the United States</i> prepared by the Office of Management and Budget.	For civilians, judgmental trend; for military personnel, employment from the Dept. of Defense and judgmental trend.
	Wages and salaries: State and local governments (\$392.7)	Mainly tabulations of wages and salaries of employees covered by State unemployment insurance from the Bureau of Labor Statistics.	Employment from Bureau of Labor Statistics monthly survey times earnings from judgmental trend.
	Employer contributions for social insurance (\$306.3)	Tabulations from the Social Security Admin. and other agencies administering social insurance programs, and Census Bureau surveys of State and local government retirement funds.	For Federal programs, BEA-derived wages and salaries of employees covered by the programs; for State and local government programs, judgmental trend.
	Other labor income (\$322.7)	Years except most recent—For private pension and profit-sharing plans, employer contributions from Internal Revenue Service tabulations of business tax returns; for group health and life insurance, mainly total premiums paid from trade sources and the Health Care Financing Admin. and data on employer share from trade source; for workers' compensation, contributions from trade sources. Most recent year—For group health insurance, total premiums paid from the Health Care Financing Admin.; for others in the category, judgmental trend.	Judgmental trend.
Proprietors' income with IVA and CCAAdj (\$414.3)	Farm income with IVA (\$51.2)	Based on Dept. of Agriculture data on net income, obtained by deriving gross income (cash receipts from marketing, inventory change, government payments, other cash income, and nonmoney income) and subtracting production expenses; adjusted to exclude corporate income from Internal Revenue Service tabulations of business tax returns and adjusted to a NIPA basis.	Dept. of Agriculture projection adjusted for consistency with NIPA's.
	Farm CCAAdj (-\$7.5)	The CCAAdj is described under the entry for consumption of fixed capital.	
	Nonfarm income (\$358.0)	Years except most recent—Income from Internal Revenue Service tabulations of business tax returns, adjusted for understatement of income on tax returns and for several conceptual differences. Most recent year—For construction, trade, and services, indicators of activity (such as value of housing put in place); for most others, judgmental trends.	Same as annual for most recent year.
	Nonfarm IVA (-\$0.5)	The IVA is described under the entry for corporate profits with IVA and CCAAdj.	
	Nonfarm CCAAdj (\$13.1)	The CCAAdj is described under the entry for consumption of fixed capital.	

See footnotes at end of table.

Table 7.—Principal Source Data and Estimating Methods Used in Preparing Current-Dollar Estimates of GDP—Continued

Component (billions of dollars)	Subcomponent (billions of dollars)	Annual estimates: Source data and methods used to determine level for benchmark and other final years or, for other years, used to prepare an extrapolator or interpolator	Advance quarterly estimates: Source data and methods used to prepare an extrapolator
Income side (Gross national income of \$6,022.2 billion in 1992)—Continued			
Rental income of persons with CCA_{adj} (–\$8.9)	Owner-occupied nonfarm housing (–\$0.3)	Derived as space rent—see the entry for nonfarm housing for personal consumption expenditures—less related expenses, including maintenance and repair from Bureau of Labor Statistics quarterly consumer expenditure survey, mortgage interest from Census Bureau decennial survey of residential finance and mortgage debt from the Federal Reserve Board times a BEA interest rate, and property taxes from Census Bureau quarterly surveys of State and local tax collections.	For owner-occupied space rent, same as annual; for depreciation, interest, and taxes, based on NIPA estimates of those components; for other expenses, based on judgmental trend.
	Tenant-occupied nonfarm housing (\$32.8)	Same as described under owner-occupied housing and adjusted to cover only rental income accruing to persons not primarily engaged in the real estate business.	Same as annual.
	Farms owned by nonoperator landlords (\$4.0)	Prepared in conjunction with farm proprietors' income; see that entry.	Judgmental trend.
	Nonfarm nonresidential properties (\$13.7)	Years through 1983—Rents paid and received by business and government, adjusted for expenses associated with property (mainly depreciation, taxes, interest, and repairs), from Internal Revenue Service tabulations of business tax returns, Census Bureau surveys, and the <i>Budget of the United States</i> prepared by the Office of Management and Budget. Other years—Judgmental trend.	Judgmental trend.
	Royalties (\$7.3)	Years except most recent—Internal Revenue Service tabulations of royalties reported on individual tax returns. Most recent year—Oil production and prices from the Dept. of Energy.	Same as annual for most recent year.
	CCA _{adj} (–\$66.3)	The CCA _{adj} is described under the entry for consumption of fixed capital.	
Corporate profits with IVA and CCA_{adj} (\$407.2)	Domestic profits before tax (\$333.2)	Years except most recent—Receipts less deductions from Internal Revenue Service tabulations of business tax returns, adjusted for understatement of income on tax returns and several conceptual differences. Most recent year—For about 70 industries, profits from Census Bureau quarterly survey of corporate profits, regulatory agency reports, and compilations of publicly available corporate financial statements.	For some industries in transportation, some in finance, etc., and all in services, judgmental trend; for others in this group, same as annual for most recent year. (Released at time of preliminary estimate of GDP for the first, second, and third quarters and of final estimate for the fourth quarter.)
	Rest-of-the-world profits before tax (\$62.3)	Estimated as part of the balance of payments: For direct investment income, BEA surveys; for portfolio income, BEA and Treasury Dept. surveys and BEA study of pension funds and mutual funds. Adjusted for NIPA coverage of U.S. territories and Puerto Rico—see entry for merchandise exports and imports, net, under net exports of goods and services.	Same as annual. (Released on same schedule as domestic profits before tax.) ⁸
	IVA ⁶ (–\$5.3)	For corporations and for nonfarm sole proprietorships and partnerships, the difference between the NIPA change in business inventories (that is, physical volume of inventories valued in prices of the current period), as described in the entry for change in business inventories, and the change in inventories reported by businesses for tax purposes, from Internal Revenue Service tabulations of business tax returns.	Same as annual.
	CCA _{adj} (\$17.1)	The CCA _{adj} is described under the entry for consumption of fixed capital.	

Table 7.—Principal Source Data and Estimating Methods Used in Preparing Current-Dollar Estimates of GDP—Continued

Component (billions of dollars)	Subcomponent (billions of dollars)	Annual estimates: Source data and methods used to determine level for benchmark and other final years or, for other years, used to prepare an extrapolator or interpolator	Advance quarterly estimates: Source data and methods used to prepare an extrapolator
Income side (Gross national income of \$6,022.2 billion in 1992)—Continued			
Net interest (\$442.0)	Domestic monetary, net (\$120.8)	Years except most recent—For farm interest paid and received, Dept. of Agriculture surveys; for residential mortgage interest, Census Bureau decennial survey of residential finance and mortgage debt from the Federal Reserve Board times a BEA interest rate; for all other interest paid and received by business, Internal Revenue Service tabulations of business tax returns, adjusted for misreporting on tax returns and several conceptual differences. Most recent year—For farm and mortgage interest, same as other years; for all other interest, interest receipts and payments from regulatory agencies (such as the Federal Deposit Insurance Corporation), from trade sources, or obtained by applying an interest rate to a stock of assets/liabilities from Federal Reserve Board flow-of-funds accounts.	Derived by combining estimates of (1) interest received by persons, (2) government interest paid and received, and (3) interest paid by persons. For (1), judgmental trend; for (2), <i>Monthly Treasury Statement</i> for Federal and judgmental trend for State and local; for (3), consumer debt from the Federal Reserve Board times BEA estimates of interest rates. (Released on same schedule as domestic profits before tax.) ⁸
	Rest-of-the-world monetary, net (-\$44.6)	Estimated as part of the balance of payments: For direct investment income, BEA surveys; for portfolio income, BEA and Treasury Dept. surveys and BEA study of pension funds and mutual funds. Adjusted for NIPA coverage of U.S. territories and Puerto Rico—see entry for merchandise exports and imports, net, under net exports of goods and services.	Same as annual. (Released on same schedule as domestic profits before tax.) ⁸
	Imputed—banks, credit agencies, and investment companies (\$153.5)	Property income earned on investment of deposits and monetary interest paid (and for mutual depositories, profits from Internal Revenue Service tabulations of business tax returns when available) from annual reports of regulatory agencies and the Federal Reserve Board. The counterentry, financial services furnished without payment, is allocated to persons, government, and rest of the world on the basis of deposit liabilities from the same sources.	Judgmental trend. (Released on same schedule as domestic profits before tax.)
	Imputed—life insurance carriers and private noninsured pension plans (\$212.3)	Property income earned (and for life insurance carriers, profits) from Internal Revenue Service tabulations of business tax returns, trade sources, and the Federal Reserve Board.	Judgmental trend. (Released on same schedule as domestic profits before tax.)
Business transfer payments (\$27.6)		Payments to persons: For charitable contributions, for years except the most recent, Internal Revenue Service tabulations of business tax returns or, for most recent year, judgmental trend; for other components (such as liability payments for personal injury), for years except the most recent, information from government agency reports and trade sources or, for most recent year, judgmental trend. Payments to nonresidents: Estimated as part of the balance of payments.	Judgmental trend.
Indirect business tax and nontax liability (\$502.8)	Federal government (\$81.3)	For excise taxes, collections from the Internal Revenue Service; for customs duties, receipts from <i>Monthly Treasury Statement</i> ; and for nontaxes (such as fines), receipts from the <i>Budget of the United States</i> prepared by the Office of Management and Budget.	For customs duties, the <i>Monthly Treasury Statement</i> ; for most excise taxes, indicators of activity (such as gasoline production for gasoline tax); for others in this group, judgmental trend.
	State and local governments (\$421.5)	Receipts from Census Bureau quinquennial censuses and annual and quarterly surveys.	Judgmental trend.

Table 7.—Principal Source Data and Estimating Methods Used in Preparing Current-Dollar Estimates of GDP—Continued

Component (billions of dollars)	Subcomponent (billions of dollars)	Annual estimates: Source data and methods used to determine level for benchmark and other final years or, for other years, used to prepare an extrapolator or interpolator	Advance quarterly estimates: Source data and methods used to prepare an extrapolator
Income side (Gross national income of \$6,022.2 billion in 1992)—Continued			
Subsidies less current surplus of government enterprises (\$2.7)	Federal government (\$27.5)	For subsidies, payments by the Commodity Credit Corporation from agency reports and, for most other agencies, outlays from <i>Monthly Treasury Statement</i> ; for current surplus, mainly reports of various agencies, such as the Postal Service.	For subsidies, reports from the Commodity Credit Corporation and outlays from <i>Monthly Treasury Statement</i> ; for current surplus, judgmental trend.
	State and local governments (–\$24.8)	For subsidies, limited to railroad, Census Bureau annual surveys of expenditures; for current surplus, see entry for State and local purchases other than compensation, structures, and brokerage charges and financial services furnished without payment.	Judgmental trend.
Consumption of fixed capital (\$657.9)	Capital consumption allowances (\$605.7)	Years except most recent—For depreciation of corporations and of nonfarm sole proprietorships and partnerships, Internal Revenue Service tabulations of business tax returns, adjusted for several conceptual differences; for other depreciation (including noncorporate farms, nonprofit institutions, and owner-occupied houses), perpetual-inventory calculations; for accidental damage to fixed capital, losses reported to insurance companies and government agencies. Most recent year—For depreciation of corporations and nonfarm sole proprietorships and partnerships, BEA estimates of tax-return-based depreciation; for other depreciation and accidental damage to fixed capital, same as other years.	Judgmental trend.
	Less: CCA _{adj} (–\$52.1)	Obtained in two parts: (1) The part that places a historical-cost series for capital consumed on a consistent basis with regard to service lives and on a straight-line depreciation pattern is the difference between tax-return-based calculations at historical cost and the perpetual-inventory calculations; (2) the part that places the historical-cost series on a current-cost basis is the difference between two perpetual-inventory calculations, one at historical cost and one at current cost.	For capital consumption allowances, judgmental trend; for current-cost series, perpetual-inventory calculations based on investment and on investment prices.

1. Includes \$3.1 billion for food produced and consumed on farms, standard clothing issued to military personnel, and used trucks.

2. The retail-control method cited under personal consumption expenditures (PCE) for most goods is based on retail trade sales data that include sales of gasoline service stations. Estimates of PCE for gasoline and oil are derived separately and are deducted from the retail-control totals (that include goods sold by gasoline service stations) to derive the estimates for PCE for most goods.

3. Also referred to as services furnished without payment by financial intermediaries except life insurance carriers and private noninsured pension plans.

4. Includes –\$0.4 for brokers' commissions on sale of structures and net purchases of used structures.

5. Includes –\$1.7 billion for other structures (dormitories, fraternity and sorority houses, nurses' homes, etc.) and net purchases of used structures.

6. The IVA on the income side and the IVA mentioned with the change in business inventories on the product side differ because the source data on the two sides reflect different mixes of methods (last-in, first-out, etc.) underlying reported inventories.

7. Includes –\$0.1 for rest of the world, net.

8. For profits and interest from the rest of the world and for parts of domestic net monetary interest, data become available to replace the judgmental trend by the time of the final estimate in the current quarterly sequence.

CCA_{adj} Capital consumption adjustment

IVA Inventory valuation adjustment

NIPA National income and product accounts

Source: 1992 estimates—SURVEY OF CURRENT BUSINESS, August 1993.

Table 8.—Methodology Used in Preparing Constant-Dollar Estimates of GDP

Component	Subcomponent	Deflation, using price based on—		Using quantity for—	
		Components of the Consumer Price Index (CPI) or the Producer Price Index (PPI)	Other	Extrapolation	Direct valuation
Personal consumption expenditures	Durable and nondurable goods:				
	Most goods (goods except subcomponents listed separately).	Except as noted, CPI; military clothing, PPI.	Computers, BEA price index and PPI.		
	New autos	CPI			Used autos, in two parts: (1) Margin, unit sales from trade sources with dealer margins from Census Bureau and trade sources; (2) change in stock, based on unit sales and BEA constant-dollar value, with depreciated original value in base-year dollars.
	Net purchases of used autos.				
	 New trucks	CPI			
	Gasoline and oil	CPI			
	Food furnished to employees (including military).	CPI			
	Expenditures abroad by U.S. residents less personal remittances in kind to nonresidents.		Foreign consumer price indexes (exchange-rate adjusted).		
	Services:				
	Nonfarm dwellings—space rent for owner-occupied and rent for tenant-occupied.	CPI			
	Rental value of farm dwellings.			BEA net stock of farm dwellings based on Dept. of Agriculture data.	

See footnotes at end of table.

Table 8.—Methodology Used in Preparing Constant-Dollar Estimates of GDP

Component	Subcomponent	Deflation, using price based on—		Using quantity for—	
		Components of the Consumer Price Index (CPI) or the Producer Price Index (PPI)	Other	Extrapolation	Direct valuation
Personal consumption expenditures— Continued	Services—Continued				
	Motor vehicle and other repair, other purchased intercity transportation, legal and funeral services, barbershops and beauty parlors, nursing homes, laundries, employment agency fees, accounting and tax return preparation services, recreation (except video cassette rentals, cable TV, casino gambling, parimutuel net receipts, and lotteries), hotels and motels, and other education and research.	Except as noted, CPI.	Nursing homes, composite index of input prices from the Health Care Financing Admin.; clubs and fraternal organizations, and other education and research, BEA composite index of input prices.		
	Physicians, dentists, and other professional medical services.	CPI			
	Private nursery, elementary, and secondary schools, day care, welfare activities, and trade unions and professional associations.	.....	BEA composite indexes of input prices.		
	Public education and hospitals, water and other sanitary services, and lotteries.	CPI			
	Financial services furnished without payment by banks, credit agencies, and investment companies ¹.	.....	.....	Paid employee hours of relevant financial institutions.	
	Brokerage charges and investment counseling, bank service charges, intercity transportation except other, and private higher education.	Except as noted, CPI.	Airline transportation, BEA index based on revenue per passenger mile from the Dept. of Transportation and trade source, and CPI component; private higher education, BEA composite index of input prices.	Stock brokerage charges, BEA orders derived from volume data from the Securities and Exchange Commission and trade sources.	
	Domestic services	CPI			

See footnotes at end of table.

Table 8.—Methodology Used in Preparing Constant-Dollar Estimates of GDP—Continued

Component	Subcomponent	Deflation, using price based on—		Using quantity for—	
		Components of the Consumer Price Index (CPI) or the Producer Price Index (PPI)	Other	Extrapolation	Direct valuation
Personal consumption expenditures—Continued	Services—Continued				
	Insurance, private hospitals, religious activities, cable TV, utilities, and local transport.	Except as noted, CPI.	Life insurance and religious activities, BEA composite index of input prices; nonprofit hospitals, composite index of input prices from the Health Care Financing Admin.	Auto insurance, deflated premiums; health insurance, deflated benefits.	
	Foreign travel by U.S. residents less expenditures in the United States by nonresidents.	Expenditures in the United States, CPI.	Foreign travel, BEA composite index of foreign consumer price indexes (exchange-rate adjusted).		
	Other services: Video cassette rentals, casino gambling, and parimutuel net receipts; other housing except hotels and motels; bridge, etc., tolls; other household operation except repairs and insurance; travel and entertainment card fees; stenographic and reproduction services; and money orders and classified advertising.	Except as noted, CPI.	.....	Parimutuel net receipts, deflated winnings.	
Fixed investment	Nonresidential structures:				
	Utilities	Gas and petroleum pipelines, PPI.	Telecommunications, cost index from trade source; railroads, BEA price index; other, cost indexes from government agencies and trade sources.		
	Mining exploration, shafts, and wells.	Casing, PPI	Exploration, cost index from trade source; mines, implicit price deflator for nonfarm nonresidential buildings.	Drilling, footage by geographic area from trade source.	
	Other nonfarm buildings and structures.	.....	Buildings, BEA index based on cost index from trade source and Census Bureau price deflator for single-family houses under construction; structures, cost indexes from government agencies.		
	Farm buildings .....	.....	Implicit price deflator for nonfarm nonresidential buildings.		

Table 8.—Methodology Used in Preparing Constant-Dollar Estimates of GDP—Continued

Component	Subcomponent	Deflation, using price based on—		Using quantity for—	
		Components of the Consumer Price Index (CPI) or the Producer Price Index (PPI)	Other	Extrapolation	Direct valuation
Fixed investment—Continued	Nonresidential producers' durable equipment:				
	Equipment except autos and telegraph installation.	Domestic components, except as noted, PPI; imported transportation equipment, PPI.	Imported components except computers and transportation equipment, Bureau of Labor Statistics import price indexes; domestic and imported computers, BEA price index and PPI.		
	New and used autos	New autos, CPI ..	.....	.....	Used autos, in two parts: (1) Margin, unit sales from trade sources with dealer margins from Census Bureau and trade sources; (2) change in stock, based on unit sales and BEA constant-dollar value, with depreciated original value in base-year dollars.
	Telephone and telegraph installation.	.....	Cost index from trade source.		
	Residential investment:				
	Permanent-site new single-family housing units.	.....	Census Bureau price deflator for new one-family houses under construction.		
	Permanent-site new multifamily housing units.	.....	BEA price index.		
	Mobile homes	PPI			
	Improvements	Major replacements, CPI.	Additions and alterations, BEA index based on Census Bureau price deflator for new one-family houses under construction and CPI component.		
	Brokers' commissions .....	.....	.....	Numbers of new and used houses sold from Census Bureau and trade sources.	
	Producers' durable equipment.	CPI			

See footnotes at end of table.

Table 8.—Methodology Used in Preparing Constant-Dollar Estimates of GDP—Continued

Component	Subcomponent	Deflation, using price based on—		Using quantity for—	
		Components of the Consumer Price Index (CPI) or the Producer Price Index (PPI)	Other	Extrapolation	Direct valuation
Change in business inventories	Nonfarm: Purchased goods, all industries.	Except as noted, PPI.	Crude petroleum, index from the Energy Information Admin.; computers, BEA price index; and imported goods purchased by trade industries, Bureau of Labor Statistics import price indexes.	.....	Petroleum bulk terminals, quantities and prices of stocks from the Energy Information Admin.
	Nonfarm: Work-in-process and finished goods, manufacturing.	Except as noted, PPI; some overhead cost items, CPI.	BEA indexes of unit labor cost.		
	Farm .....	.....	.....	.....	Crops and livestock by type, quantities and prices from the Dept. of Agriculture.
Net exports of goods and services²	Merchandise exports and imports, net ² .	Transportation equipment, PPI.	Bureau of Labor Statistics export and import price indexes; for petroleum imports, unit-value index based on Census Bureau values and quantities; computers, BEA price index and PPI; and gold price from trade source.		
	Service exports and imports, net ² .	Travel receipts, medical receipts, and students' expenditures, CPI; freight and port expenditures, PPI.	Military transfers and direct defense expenditures abroad, selected implicit price deflators for national defense purchases (see below); passenger fares, Bureau of Labor Statistics export and import price indexes; travel payments and U.S. Government payments for miscellaneous services, BEA composite index of foreign consumer price indexes (exchange-rate adjusted); royalties and fees, and other private services, implicit price deflator for final sales to domestic purchasers.	Exports of financial services furnished without payment, ¹ paid employee hours of relevant financial institutions.	

See footnotes at end of table.

Table 8.—Methodology Used in Preparing Constant-Dollar Estimates of GDP—Continued

Component	Subcomponent	Deflation, using price based on—		Using quantity for—	
		Components of the Consumer Price Index (CPI) or the Producer Price Index (PPI)	Other	Extrapolation	Direct valuation
Government purchases	Federal national defense	Selected goods, PPI; utilities and communications, CPI and PPI.	Some goods, some services, and most military structures, BEA indexes based on Dept. of Defense prices paid; some services, BEA earnings index; computers, BEA price index and PPI; nonmilitary structures, cost indexes from trade sources and government agencies.	Military compensation, full-time equivalent employment by rank and length of service; civilian compensation, full-time equivalent employment by grade adjusted for change from base year in hours worked.	Many goods, some services, and a few military structures, quantities and prices from Dept. of Defense reports.
	Federal nondefense	Most goods, PPI; rent, utilities, and communications, CPI.	Structures, cost indexes from trade sources and government agencies; computers, BEA price index and PPI; most services, BEA earnings indexes.	Compensation, full-time equivalent employment by grade adjusted for change from base year in hours worked; financial services furnished without payment ¹ , paid employee hours of relevant financial institutions.	Net purchases of agricultural commodities by the Commodity Credit Corporation, quantities by crop from agency reports with Dept. of Agriculture prices; selected petroleum transactions, quantities and prices from the Dept. of Energy.
	State and local compensation.	.....	.....	For employees in education, full-time equivalent employment by education and experience times change from base year in hours worked; for other employees, full-time equivalent employment times change from base year in hours worked.	
	State and local structures ...	.....	Cost indexes from trade sources and government agencies.		
	State and local brokerage charges and financial services furnished without payment.	.....	See entries for personal consumption expenditures for services.		
	State and local other than compensation, structures, and brokerage charges and financial services furnished without payment.	Services except as noted and goods used in maintenance and repair, CPI; goods except as noted and electricity, PPI.	Transportation, books, and postal services, BEA indexes based on Dept. of Defense prices paid; computers, BEA price index and PPI.		

1. Also referred to as "services furnished without payment by financial intermediaries except life insurance carriers and private noninsured pension plans."

2. Constant-dollar estimates of merchandise exports and imports and of service exports and imports are prepared separately. Constant-dollar receipts and payments of factor income from the rest of the world, the difference between

GDP and GNP, are prepared using the following methods: Except as noted, deflation by implicit price index for final sales to domestic purchasers; imputed interest paid to nonresidents, extrapolation by paid employee hours of relevant institutions.

APPENDIX A.—Revisions to the National Income and Product Accounts

[Billions of dollars]

	1990		1991		1992	
	Revised level	Revision	Revised level	Revision	Revised level	Revision
Account 1.—National Income and Product Account						
Compensation of employees	3,297.6	6.4	3,402.4	11.6	3,582.0	56.8
Wages and salaries	2,745.0	2.1	2,814.9	2.7	2,953.1	36.5
Disbursements	2,745.0	2.2	2,815.0	2.8	2,973.1	55.0
Wage accruals less disbursements .....	.1	0	-.1	0	-20.0	-18.5
Supplements to wages and salaries	552.5	4.1	587.5	8.8	629.0	20.4
Employer contributions for social insurance	278.3	.9	290.6	.2	306.3	3.4
Other labor income	274.3	3.3	296.9	8.6	322.7	17.0
Proprietors' income with inventory valuation and capital consumption adjustments	363.3	-3.6	376.4	8.4	414.3	9.8
Rental income of persons with capital consumption adjustment	-14.2	-1.9	-12.8	-2.4	-8.9	-13.6
Corporate profits with inventory valuation and capital consumption adjustments	380.6	18.9	369.5	23.2	407.2	13.4
Profits before tax	365.7	10.3	362.3	27.6	395.4	23.8
Profits tax liability	138.7	2.0	129.8	5.8	146.3	6.1
Profits after tax with inventory valuation and capital consumption adjustments	241.9	16.8	239.7	17.4	260.9	7.3
Dividends	153.5	4.2	137.4	-9.1	150.5	1.2
Undistributed profits with inventory valuation and capital consumption adjustments	88.5	12.8	102.3	26.5	110.4	6.1
Inventory valuation adjustment	-11.0	3.2	4.9	1.8	-5.3	2.1
Capital consumption adjustment	25.9	5.4	2.2	-6.2	17.1	-12.4
Net interest	463.7	3.0	462.8	13.3	442.0	26.8
National income	4,491.0	22.7	4,598.3	54.1	4,836.6	93.2
Business transfer payments	26.8	.4	26.3	-1.8	27.6	-2.1
To persons	21.3	.1	20.7	-2.1	21.6	-2.9
To rest of the world	5.5	.3	5.6	.3	6.0	.8
Indirect business tax and nontax liability	444.0	-2	476.6	1.4	502.8	-1.4
Less: Subsidies less current surplus of government enterprises	4.5	.3	-3	-8	2.7	-2
Consumption of fixed capital	602.7	-1	626.1	0	657.9	4.5
Gross national income	5,560.1	22.6	5,727.5	54.4	6,022.2	94.4
Statistical discrepancy	7.8	2.4	9.6	-12.3	23.6	-10.5
Gross national product	5,567.8	24.9	5,737.1	42.2	6,045.8	83.9
Less: Receipts of factor income from the rest of the world	168.6	8.0	146.1	2.6	129.2	.4
Plus: Payments of factor income to the rest of the world	146.9	7.0	131.9	5.9	121.9	4.3
GROSS DOMESTIC PRODUCT	5,546.1	23.9	5,722.9	45.4	6,038.5	87.8
Personal consumption expenditures	3,761.2	12.8	3,906.4	18.7	4,139.9	44.1
Durable goods	468.2	3.9	457.8	11.7	497.3	16.9
Nondurable goods	1,229.2	4.7	1,257.9	6.4	1,300.9	10.2
Services	2,063.8	4.1	2,190.7	.6	2,341.6	16.9
Gross private domestic investment	808.9	9.4	736.9	15.8	796.5	26.1
Fixed investment	802.0	8.8	745.5	14.2	789.1	23.1
Nonresidential	586.7	9.1	555.9	14.8	565.5	17.3
Structures	201.6	.5	182.6	2.5	172.6	4.2
Producers' durable equipment	385.1	8.6	373.3	12.4	392.9	13.0
Residential	215.3	-3	189.6	-7	223.6	5.9
Change in business inventories	6.9	.6	-8.6	1.6	7.3	2.9
Net exports of goods and services	-71.4	-2.5	-19.6	2.2	-29.6	.8
Exports	557.1	.1	601.5	3.3	640.5	4.2
Imports	628.5	2.6	621.1	1.1	670.1	3.4
Government purchases	1,047.4	4.2	1,099.3	8.8	1,131.8	16.9
Federal	426.5	.1	445.9	-1.4	448.8	-3
National defense	314.0	0	322.5	-1.3	313.8	-2.0
Nondefense	112.5	.1	123.4	-2	135.0	1.6
State and local	620.9	4.1	653.4	10.2	683.0	17.2
GROSS DOMESTIC PRODUCT	5,546.1	23.9	5,722.9	45.4	6,038.5	87.8

APPENDIX A.—Revisions to the National Income and Product Accounts—Continued

[Billions of dollars]

	1990		1991		1992	
	Revised level	Revision	Revised level	Revision	Revised level	Revision
Account 2.—Personal Income and Outlay Account						
Personal tax and nontax payments	623.3	2.0	620.4	1.7	644.8	17.5
Personal outlays	3,880.6	13.3	4,029.0	19.1	4,261.5	43.4
Personal consumption expenditures	3,761.2	12.8	3,906.4	18.7	4,139.9	44.1
Interest paid by persons	109.3	-.3	112.2	-.3	111.1	-1.0
Personal transfer payments to rest of the world (net)	10.1	.8	10.5	.8	10.4	.1
Personal saving	170.0	-5.6	201.5	1.9	238.7	26.1
PERSONAL TAXES, OUTLAYS, AND SAVING	4,673.8	9.6	4,850.9	22.6	5,144.9	86.8
Wage and salary disbursements	2,745.0	2.2	2,815.0	2.8	2,973.1	55.0
Other labor income	274.3	3.3	296.9	8.6	322.7	17.0
Proprietors' income with inventory valuation and capital consumption adjustments	363.3	-3.6	376.4	8.4	414.3	9.8
Rental income of persons with capital consumption adjustment	-14.2	-1.9	-12.8	-2.4	-8.9	-13.6
Personal dividend income	144.4	4.1	127.9	-9.1	140.4	1.1
Dividends	153.5	4.2	137.4	-9.1	150.5	1.2
Less: Dividends received by government	9.0	0	9.5	0	10.2	.2
Personal interest income	698.2	3.7	715.6	15.0	694.3	24.1
Net interest	463.7	3.0	462.8	13.3	442.0	26.8
Interest paid by government	269.6	-.3	284.4	-.2	286.1	-.3
Less: Interest received by government	144.5	-1.2	143.9	-2.2	144.9	1.4
Interest paid by persons	109.3	-.3	112.2	-.3	111.1	-1.0
Transfer payments to persons	687.6	1.8	769.9	-1.2	858.4	-7.7
From business	21.3	.1	20.7	-2.1	21.6	-2.9
From government	666.3	1.7	749.2	.9	836.8	-4.8
Less: Personal contributions for social insurance	224.9	.1	237.8	-.6	249.3	-1.3
PERSONAL INCOME	4,673.8	9.6	4,850.9	22.6	5,144.9	86.8
Account 3.—Government Receipts and Expenditures Account						
Purchases	1,047.4	4.2	1,099.3	8.8	1,131.8	16.9
Transfer payments	679.5	1.5	721.3	1.3	853.1	-3.8
To persons	666.3	1.7	749.2	.9	836.8	-4.8
To rest of the world (net)	13.2	-.2	-27.9	.4	16.3	1.0
Net interest paid	125.2	1.0	140.5	2.0	141.1	-1.8
Less: Dividends received by government	9.0	0	9.5	0	10.2	.2
Subsidies less current surplus of government enterprises	4.5	.3	-.3	-.8	2.7	-.2
Less: Wage accruals less disbursements .....	.1	0	-.1	0	0	0
Surplus or deficit (-), national income and product accounts	-138.4	-2.3	-196.2	-2.9	-269.1	13.4
Federal	-163.5	2.7	-203.4	7.0	-276.3	21.7
State and local	25.1	-5.0	7.3	-9.8	7.2	-8.3
GOVERNMENT EXPENDITURES AND SURPLUS	1,709.1	4.7	1,755.2	8.4	1,849.4	24.3
Personal tax and nontax payments	623.3	2.0	620.4	1.7	644.8	17.5
Corporate profits tax liability	138.7	2.0	129.8	5.8	146.3	6.1
Indirect business tax and nontax liability	444.0	-.2	476.6	1.4	502.8	-1.4
Contributions for social insurance	503.1	.8	528.4	-.4	555.6	2.1
Employer	278.3	.9	290.6	.2	306.3	3.4
Personal	224.9	.1	237.8	-.6	249.3	-1.3
GOVERNMENT RECEIPTS	1,709.1	4.7	1,755.2	8.4	1,849.4	24.3

APPENDIX A.—Revisions to the National Income and Product Accounts—Continued

[Billions of dollars]

	1989		1990		1991	
	Revised level	Revision	Revised level	Revision	Revised level	Revision
Account 4.—Foreign Transactions Account						
Exports of goods and services	557.1	.1	601.5	3.3	640.5	4.2
Receipts of factor income	168.6	8.0	146.1	2.6	129.2	.4
Capital grants received by the United States (net)	0	0	0	0	0	0
RECEIPTS FROM THE REST OF THE WORLD	725.7	8.1	747.6	5.9	769.7	4.6
Imports of goods and services	628.5	2.6	621.1	1.1	670.1	3.4
Payments of factor income	146.9	7.0	131.9	5.9	121.9	4.3
Transfer payments to rest of the world (net)	28.8	.9	-11.9	1.4	32.7	1.9
From persons (net)	10.1	.8	10.5	.8	10.4	.1
From government (net)	13.2	-.2	-27.9	.4	16.3	1.0
From business	5.5	.3	5.6	.3	6.0	.8
Net foreign investment	-78.5	-2.4	6.4	-2.6	-55.1	-5.2
PAYMENTS TO THE REST OF THE WORLD	725.7	8.1	747.6	5.9	769.7	4.6
Account 5.—Gross Saving and Investment Account						
Gross private domestic investment	808.9	9.4	736.9	15.8	796.5	26.1
Net foreign investment	-78.5	-2.4	6.4	-2.6	-55.1	-5.2
GROSS INVESTMENT	730.4	7.0	743.3	13.2	741.4	21.0
Personal saving	170.0	-5.6	201.5	1.9	238.7	26.1
Wage accruals less disbursements	0	0	0	0	-20.0	-18.5
Undistributed corporate profits with inventory valuation and capital consumption adjustments	88.5	12.8	102.3	26.5	110.4	6.1
Consumption of fixed capital	602.7	-.1	626.1	0	657.9	4.5
Government surplus or deficit (-), national income and product accounts	-138.4	-2.3	-196.2	-2.9	-269.1	13.4
Capital grants received by the United States (net)	0	0	0	0	0	0
Statistical discrepancy	7.8	2.4	9.6	-12.3	23.6	-10.5
GROSS SAVING AND STATISTICAL DISCREPANCY	730.4	7.0	743.3	13.2	741.4	21.0